Representative Government in Industry

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REPRESENTATIVE GOVERNMENT IN INDUSTRY

JAMES MYERS

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Upon such boards now sit the elected representatives of owners and workers, legislating upon the vital questions of industry, wages, hours, working conditions, safety, housing and sanitation, recreation, and education, — promoting industrial cooperation, efficiency and production in the one thousand factories in the United States which have set up various forms of employee representation.

REPRESENTATIVE GOVERNMENT IN INDUSTRY

BY

JAMES MYERS

EXECUTIVE SECRETARY OF THE BOARD OF OPERATIVES,
DUTCHESS BLEACHERY, INCORPORATED

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TO

THE SIX HUNDRED PARTNERS, STOCK-HOLDERS, MANAGEMENT AND WORKERS IN DUTCHESS BLEACHERY, INCORPORATED, WAPPINGERS FALLS, NEW YORK

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FOREWORD

Wide publicity has been accorded by the press to the movement which has come to be known in America as "industrial democracy," or employee representation. Interest in the subject is manifest among widely varied classes of people—factory managers, stockholders, economists, social workers, religious thinkers, the leaders in education, and the general public. The hope that "industrial democracy" may prove to be a practical and peaceful solution of the labor problem, together with the superficial nature of much of the comment of the press and of most of the propaganda literature on the subject, suggest the definite need at this time of a more scientific study of the entire subject. The situation calls for a more frank description of the real conditions under which these much advertised plans for industrial democracy are operating, and for a more careful analysis of the actual results which are being obtained by them. The writer's intensive experience with the development and operation of employee representation suggests the usefulness of a volume which aims to give a close-up picture of employee representation at work, to explain in practical detail the technique necessary for successful operation, and to include an analysis of the economic, social and moral factors which in the writer's observation are exercising a direct bearing upon actual operation of the works councils about which the interest of the book centers.

The increasingly scientific spirit of industrial management in America gives ground for the confidence that busi-

ness men as well as students and the general public will welcome a volume which includes not only practical advice with reference to how to start, regulate and keep in repair the new forms of industrial machinery involved, but which also carefully examines the larger social implications of this popular movement in American industry. Practical men are indeed eager for details of the successful operation of employee representation. They want to know exactly how to negotiate this movement which has been called the "next step" in industrial relations. But the most practical among them will wish to inquire also whether this "next step" is in the right direction! The writer has therefore ventured to bring together in a single volume his observations on the actual daily operation of employee representation, and a consideration of the wider issues which are involved. The book is offered in the earnest hope that it may prove useful to those who are sincerely interested in the promotion of intelligent plans for orderly progress and peace in our industrial order.

J. M.

Wappingers Falls, New York.

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REPRESENTATIVE GOVERNMENT IN INDUSTRY

REPRESENTATIVE GOVERNMENT IN INDUSTRY

I

INDUSTRIAL RELATIVITY

Some years ago I saw a man blown across the width of his cellar by the force of a sudden explosion in the furnace. Gathering himself up, he exclaimed with that assured wisdom which comes to some people only by means of painful experience, "Say! that furnace ain't working right! No, sir, I tell you there must be something wrong with it or it wouldn't act like that!" By a similar process of reasoning, it is becoming clear even to the dullest observers of our times that there must be something wrong with modern industry. The frequent explosions which occur and the great explosion which seems to threaten are sufficient evidence that our industrial order with its complex human relations is not working right! How shall we discover what is the matter with it?

The modern business man has turned to science to show him the fundamental laws which apply to many phases of his business, the laws of chemistry, the laws of physics, the laws of economics, the laws of mechanical and electrical engineering. In our day the intelligent business man is making his business conform to these laws. He has discovered that success or failure are in exact proportion to the degree in which he understands and conforms to the elemental laws which in any way affect his business or his

manufacturing processes. The well-nigh miraculous growth of modern industry and the manufacture of all the wonderful products of modern civilization from the steam engine to the aeroplane and the radio are attributable directly to this intelligence of the human mind which has discovered so many scientific laws and then conformed manufacturing processes to these laws. New wonders of invention, manufacture and business organization no doubt lie before us and will play an important part in the new industrial order, but the world to-day is not so much concerned over the state of discovery and invention as it is over the state of industrial relations. So far as the mechanics of industry are concerned, we are even now in a position to make the wheels of industry hum with the record production of the world. There is, for instance, no lack of engineering knowledge, nor of machinery for the mining of coal, nor of cars for its transportation, and yet as I write I am not sure that my children may not all get pneumonia this winter, for I have as yet no coal in my cellar against the winter weather. The *human factor* in industry has interfered and the coal industry has broken down. Industry in general is constantly and increasingly threatened with similar disturbances due to *maladjustment of the human parties to industry.*

It is only just dawning upon us that *scientific study* must now be given to the *human factor* in industry. All other approaches to a solution of the labor problem have proved ineffectual. Perhaps the most prominent of such approaches has been known as "Welfare Work" which has been thoroughly tried and found wanting. Much welfare work has indeed been well meaning, emanating from kindly employers and well-intentioned religious organizations. Increased physical comforts and recreational and religious facilities have been supplied to thousands of working peo-

ple, making their lives in certain ways more interesting, more healthful, and happier than they were before. Welfare work, however, has lain under deep suspicion on the part of labor whose leaders have seen in it a subtle tendency, if not a definite purpose, to keep the workers just contented enough and sufficiently under obligation to the Company to prevent them from demanding better wages. In some cases such a suspicion has been justified by the facts. The manager of Industrial Relations in a large and well-known electrical concern in the East asked me if we employed motion pictures in the plant with which I was connected. I said that we had them occasionally. "Well," he said, "we have them every day at noon hour. They are remarkably successful. There is something about the movies that the employees can't resist. Even if they think that you are trying to put something over on them, they come in anyway. In this way, we fill up the employees' time during the noon hour and keep them from getting together in little groups and talking about their troubles." In a factory with an annual payroll of $500,000 a liberal welfare budget including movies (!) would not exceed $10,000 a year. A ten per cent. raise in wages would amount to $50,000, or five times the amount of the welfare budget! In a large corporation, these figures would be far more striking.

It is a fact also that many facilities which are carried under the title of welfare work, such as shower baths for men in a foundry or coal mine, restaurants in isolated plants, rest rooms, dispensaries, et cetera, *are properly a part of the business itself.* These facilities are often business necessities, owing to the nature or location of the industry, or constitute undoubted means of keeping down the labor turn-over and of reducing the cost of accidents, and of increasing the daily efficiency and production of the em-

ployees. In fact, arguments to this effect are always used to persuade an employer to build a club house and operate welfare work. And yet, it is to be feared that some employers piously deceive their own souls by placing this work under the management of a religious organization while they thrill with a virtuous feeling that they are "doing something for their men." Other employers in good will go far beyond the bare necessities of the case and take real pleasure in generous provision for the welfare department.

It is to be noted, however, that industrial club houses and Y. M. C. A. buildings are seldom, if ever, places which are open to the free expression of the employees' own thoughts. Speakers who do not meet with the approval of the management of the Company are not allowed to address the employees in these buildings which have been "given" to them by the Company. The writer recently addressed a conference of ministers in a private room in an industrial Y. M. C. A. building attached to a great manufacturing plant in a city in the East, speaking upon the subject of "Democracy in Industry." The Secretary of the Y. M. C. A. was present and apparently interested. At the close of the meeting he asked me to speak to the workmen who were gathered in the lobby at the noon hour. "May I say what I said in there?" I asked. "Oh, no!" he replied, "the Company wouldn't like it—we have to be very careful about what is said in these meetings for the men." So I begged to be excused, being interested in the whole gospel. Social and religious welfare work under Company control does not "get by" with the working people. They *feel* the inconsistency of the situation even when the employer may not be conscious of any hypocrisy. "Hell-fare work" is Samuel Gompers' brief but significant commentary, and Helen Marot adds that "Labor would rather be free than clean."

Mr. Ordway Tead points out that the *worst strikes have often occurred where the most welfare work had been done,* explaining the phenomenon by the fact that greater energy had been stored up by these workers and their powers of self-assertion thereby strengthened. Years ago, I asked a man for a contribution to the Y. M. C. A. His astonishing reply was that he did not believe in the Y. M. C. A. He did not believe in giving the opportunity to use shower baths to the poor. It would only get their ideas up and "the next thing they would be wanting them in their own homes." Whether, therefore, welfare work be viewed as innocuously conservative, or as dangerously radical, it has not proved to be an adequate or scientific solution of the labor problem. Welfare work like patriotism is not enough.

The problem of the human factor in industry has also been approached from another quarter, and, as a result, we have seen splendid progress in the improvement of working conditions. Labor laws have been passed by many States limiting the hours of work for women and children, advancing the employment age at which a child may go to work, safeguarding machinery, regulating processes in dangerous occupations, providing workmen's compensation insurance in case of accident, and measures are being advanced looking toward the minimum wage, health insurance, unemployment insurance and old age pensions for the workers. The physical condition of the workers in the mills is being scientifically studied and an effort made to adjust hours, pay and working conditions so as to obtain the highest possible efficiency. We have not yet, to be sure, approached the high standards of physical efficiency under which a herd of thorough-bred Holsteins are cared for in an up-to-date dairy, where lighting, heating, feeding, care and surroundings are perfect. But even if we should approach perfection in working conditions, I am

convinced that we should not eliminate industrial unrest because we should not yet have removed its major cause.

Another limited scientific approach to solving the problem of the human factor is being made by the new profession of "Personnel" workers. Personnel Departments under the charge of trained directors are bringing some show of order into the management of the "human factor." Careful and intelligent hiring in order to secure the right workers for the right jobs, round pegs for round holes; systematic training of workers for their jobs, promotion where possible, and centralized control over transfer and "firing" have brought considerable order in many factories where formerly all was hit or miss in the management of the personnel of the mill.

Even more consciously scientific has been the approach of a new school of industrial students and industrial engineers. The late Professor Carlton Parker, Mr. Ordway Tead, and others have done pioneer work in drawing attention to the *basic human instincts* of the workers and to the fact that industrial management has not yet scientifically adjusted many working conditions to conform to the basic instincts of the human beings who supply the labor for industrial enterprise.[1] Of outstanding experimental importance in this field has been the splendid work of Mr. Robert B. Wolf who has devised most successful methods for liberating the creative impulse of the worker under modern industrial conditions.[2]

Scientific students and industrial engineers have, however, for the most part confined their research and their experiments to the field of working conditions, incentives, and systems of production accepting without serious ques-

[1] See *Instincts in Industry,* by Ordway Tead, and *The Casual Laborer,* by Carlton H. Parker.

[2] See *Non-Financial Incentives,* by Robert B. Wolf, published by American Society of Mechanical Engineers.

tion *the basic relation of worker to owner* in modern industry. *The industrial problem therefore calls for further scientific study and experiment in the field of industrial relations as such.* For indications are not wanting that in the distinctive *industrial relation* of modern capitalism lies concealed the principal source of the poison whose hidden action is causing the convulsions of our industrial order.

We have already indicated that the very best of working conditions and the most elaborate provisions for welfare work do not necessarily bring contentment and industrial peace. It is equally striking that under certain conditions, men are happy and contented and turn out a tremendous amount of work *under the worst kinds of working conditions, and in the most unreasonable physical surroundings.* Children at play perform tasks of such prodigious proportions as would send them into sulky protest if they were ordered to do them by their parents. A family off for a summer vacation in their own shack by the seashore or in the mountains puts up with inconveniences such as would cause a tenant's rebellion if any landlord were profiteering from the situation. A fisherman will wade all day long in water up to his hips and in the pouring rain and be "as happy as a clam," when he would "walk out" indignantly and lead his union brothers with him in angry revolt if any "boss" dared to ask him to work for the profit of the Company under any such unreasonable conditions. Twenty-two men pound and kick and walk on each other and grind one another's faces into the mud in an ecstasy of enjoyment during a game of football. These same men, however, would start a riot if asked by the superintendent of a construction gang to undertake work which would compare for a moment with football in "dirt, danger and degradation which no decent man could be expected to stand for." The married woman in her own home works twice as

hard, breaks only half the dishes she used to break and is ten times as happy as when she "worked out" as somebody's servant. A man in business for himself without complaint works far longer hours than his comrade employed in the factory. Soldiers undergo unheard-of hardships in connection with their employment with scarcely a murmur. It is comparatively easy to inspire a minister, a missionary, a public school teacher, a nurse with a passion for service to humanity and contentment with a small salary, while industrial workers generally would laugh in your face if you suggested to them that service to humanity was also the primary purpose of their daily toil in the factory at low wages. The explanation of these striking contrasts *lies principally in the nature of the relation between employer and employee in our modern capitalistic system.* It is this differential in industrial relativity which explains contentment of some workers under arduous conditions and the discontent and unrest of others under vastly better conditions. Most important then, of all scientific studies in industry, is the effort to discover *a law of industrial relations,* conformity to which will result in a workable, scientifically adjusted industrial civilization.

By the method of trial and error, human society has been searching for this basic law of human relations through the centuries and it will be of interest to review very briefly the laws of industrial relations upon which previous civilizations have rested before attempting an analysis of present industrial relations and a study of the more recent experiments in this field.

ANCIENT SLAVERY

To the moral evolutionist, it is quite encouraging to note that even the ancient order of slavery was an advance over the ideas of the preceding primitive order, if the latter may

be termed an *order* at all. In barbaric times, in the "Hunter Age," the accepted notion was that human captives were to be killed and eaten! It was therefore quite an advance in ethics when this practice gave place to slavery or the employment of captives in industrial pursuits. War and Want were the twin causes of slavery. Captured in battle, or accepted in liquidation of debt, the slave became the *property of his owner*. This was true even in the Theocracy of Israel although humanitarian laws somewhat mitigated the lot of the slave. Slavery increased in the ancient world and became the distinctive law of industrial relations in the Greek and Roman civilizations. Under slavery, the owner controlled the entire life of the slave, determining not only his working and living conditions but also with unquestioned authority ruling over his most intimate personal affairs. Marriage did not exist as a legal status for slaves. Their owners could separate man and wife and break up families at will. In practically all slave-holding societies, the slave had no standing in the courts. He could not bring legal accusation against his master. By the very fact that he was a slave, he was ruled out of court. On the other hand, in ancient slavery, it was legal to extract evidence from slaves by torture, and, at certain periods, owners had the power of life or death over their slaves. That slavery as a law of industrial relations was a failure from the point of view of production and efficiency in the agricultural society of the time is attested by the fact that some of the later Roman slave-owners began to institute forms of "profit-sharing" with their slaves in order to get better returns from their estates!

But the moral effect of slavery upon society and upon individual character was the most disastrous result of the attempt to base a civilization upon this false law of indus-

trial relations. The industrial status of "owner and slave," being in itself a denial of the sacredness of human personality, resulted inevitably in the further denial of human morality. The virtue of slaves was not to be respected since slaves were not *persons* but *property*. Immorality therefore honeycombed society and weakened all the moral fibers of civilization. Lasciviousness existed in all its forms and found expression in the immoral personal relations and in the types of dance and song which have always preceded social decay and national ruin. Laziness, luxury and physical and mental deterioration entered in to sap the strength of the ruling classes and to hasten the decay of the ancient order. The civilization, which rested upon slavery as its distinctive industrial relation, fell in ruins.

MEDIEVAL SERFDOM

Serfdom, the distinctive industrial relation of the Middle Ages, registered an advance in personal freedom for the working classes. The serf or villain was no longer bound to the person of his owner as had been the case with the slave. The serf was, however, bound to the land of his lord. He could not move from place to place at will. If he ran away, his Lord could apply to the court and obtain a legal order for his return. The serf had no property that he could really call his own. He could not sell his cattle without his Lord's consent nor without paying his Lord a part of the proceeds of the sale. In the last resort, the legal title of all property belonged to the feudal Lord. The serf had only limited standing in the courts. He could advance a case against his Lord only in the local court which was presided over by the Lord himself or by his representative. The serf had only a "holding" of land, in return for which he worked several days out of each week on the big "demesne" of the Lord. He must have his grain

ground in the Lord's mill and pay the price asked (prototype of the Company's store!). He could not marry out of the confines of the manor without his Lord's consent. Living conditions in general were full of misery for the serf. Food alone was plentiful, though monotonous. There were no adequate means for preservation of meat, which was often so strong that it has been suggested that Columbus' chief purpose in seeking the "Spicy Isles" of the new world was to bring back enough pepper to make palatable even the rich man's medieval banquet! Hard work with meager compensation, one-room houses with mud floors and thatched roofs, no sanitation, terrible roads, severe suffering from cold and pestilence characterized the life of the medieval serf. A great gulf still existed between rich and poor, between the great owners and the common workers, between employer and employed. The conception of industrial relations upon which the Middle Ages attempted to rest its civilization left society sharply divided into classes, anti-social in the exclusive character of its manorial units, productive of a poverty-stricken working class, an arrogant, autocratic ruling class.

The calamity of the Black Death in England about 1480, which swept out of existence a large proportion of the working classes, resulted in a shortage of farm labor and increased the money value of the services of the serf. This became a potent factor in breaking up the system of serfdom. The arrival of gold in quantities from America also greatly increased the currency, and, as men began to receive their pay in cash, the old feudal tie weakened and tended to disappear. In France where the aristocracy clung desperately to their rights and attempted to suppress all efforts or tendencies toward change, a terrible Revolution placed its bloody seal upon the last chapter of serfdom. This Revolution was led, in fact, by the Bourgeoisie, or

the new capitalistic class which was just then springing up. The radicals, the anarchists, the Red terrorists of those days were the capitalists who proclaimed themselves to be the heralds of a new industrial order! The great masses of the serfs, freed by the capitalist-led Revolution, joined madly in the carnage, burned the châteaux of the landed aristocracy to the ground, butchered and burned to death not only the hated Lords but in many a tragic scene also their wives and their daughters, fair flowers of the culture and refinement of the old order. The tragedy of the French Revolution remains like a blood smear across the page of history, obliterating the old order which had been characterized by the industrial relation of serfdom and marking the beginning of a new chapter in industrial relations.

II

INDUSTRIAL RELATIONS UNDER MODERN CAPITALISM

With the coming of the Industrial Revolution, all the scenery on the stage was shifted. The improvement of spinning machinery, the invention of the steam engine, the power loom, the cotton gin, and other machinery ushered in *the age of machine production.* Society became distinctively industrial rather than predominantly agricultural. The modern factory also gradually displaced the small workshop and the older forms of manufacture in the home. The close, almost ideal, personal relations of master craftsman and apprentice workers in small shops disappeared. Workers were now gathered together into large groups and organized to tend machines. The population drew in from the farms and villages and centered around the mills. Cities rapidly increased and became distinctive of modern life. "Capital" and "Labor" in our modern sense came into being. The status of the worker altered and the distinctive industrial relations of modern capitalism developed.

In order to understand the labor problem to-day or to approach its solution intelligently, it is essential that the business man as well as the student of economics should be accurately informed upon the nature of the economic status of the modern worker and of his relation to the owners of industry. Even at the risk of appearing to introduce an undue amount of economic theory and analysis, the

writer feels that these matters must be considered somewhat at length before we can be in a position intelligently to approach any suggestion for the solution of the labor problem or to evaluate the more recent experiments in the field of industrial relations. Without further apology, therefore, we shall proceed to a consideration of these matters in this and in the following chapter.

Capitalism is to be credited with a distinct advance in the status of the workers and in their relation to the employer-group. The status of the "wage-earner" is above the status of serf or slave. The principal gain in human liberty is revealed in the worker's freedom to work for the employer of his own choice. He may change his employer at will. He is no longer bound as slave to the person of his owner. Neither is he bound as serf to the land. If a workingman wishes to move his family to another city and work for another Company, there are no longer any legal restrictions to prevent him from doing so. This is an enormous gain in human liberty. The modern method of compensation for industrial service *in cash* has also vastly increased the freedom and self-direction of the worker's life. Upon receipt of cash wages, the worker may now choose his own house, clothes and food instead of receiving these articles as payment of wages "in kind" and at the choice of his Lord or owner. The cash wage has thus opened up large areas of freedom to the wage-earner. Much has also been gained in personal liberty. The worker may marry according to his own choice. Owing to the advance in political theory, the workingman's vote is as good as any other man's, and his standing in the courts is upon an equality with that of his employer. A common laborer may sue a great corporation. The legal status of the modern worker is thus far above that of serf or slave.

It must be said, however, that economic forces materially restrict the theoretical freedom of the present-day worker. Economic considerations decidedly affect his freedom of marriage. Economic considerations practically rob him of the advantages of his equality before the law. A poor man could not win a suit against a great corporation because of his financial inability to retain counsel and carry the suit on appeal, if necessary, to the highest courts. Economic conditions so seriously restrict the workers' new status of equality before the law that it has become a common remark on the street that "there are two laws in this country—one for the rich and one for the poor."

Many industrial concerns still pay wages partly "in kind" by means of low rents for Company houses, etc., thus taking from the worker his free choice particularly of the kind of a house he shall live in. The amount of his wages often cruelly restricts his choice in the matter of his clothes, food, and necessities. The worker's freedom to work for any one he may choose is, as we have pointed out, the distinctive difference in his status from that of the serf. And yet even this freedom is severely limited in practice. Manufacturers in a given district ordinarily pay about the same wages and operate under generally similar conditions. Lack of funds commonly prevents the worker from moving to far distant fields. Therefore, although the worker is legally free to change his job, appreciable benefits are seldom gained thereby. Moreover the advantage gained by his new status is offset by a new disadvantage. The serf was bound to the land but at least he was sure of a job! The modern worker is free but terribly insecure in his means of livelihood. He may desire nothing as much on earth as to *hold his job*. And yet through no fault of his own, he may find himself on the outside looking in. The invention of new machinery which eliminates his job alto-

gether may throw him out in the cold. Business depression following war or commercial cycles may leave him unemployed for weeks and months with no income at all. Sickness may remove his name from the payroll. The personal whims of a foreman may result in the loss of job and wages altogether. He has no appeal from the foreman, no adequate recourse against sickness or unemployment. Old age comes on with its financial burden for which the worker has not been able adequately to prepare from his wages, and adds a pitiful final commentary upon the economic insecurity of the modern industrial worker. His legal status is above that of the serf or the slave, but at times he must feel that he would almost be willing to exchange his lot for theirs. Historians tell us that the workers in England before the Industrial Revolution enjoyed more abundant food at least than has usually been the portion of workers' families under modern capitalism. There is not much joy in freedom for the industrial worker unless his children have enough to eat. Thus, although the employing class is given diminished legal authority over the lives of the working class in our modern social order, economic forces, actual circumstances in fact materially curtail the theoretical freedom of the industrial worker and discount the value of his status as a free man.

Moreover, a profound change in status occurs when a member of the working class actually enters the industrial service of an employer. Socially and politically, he is a free man, an equal before the law. Up to the moment of his employment, he is free industrially also, free to offer his services to the highest bidder, free to work for the employer of his own choice. This is, as we have seen, the industrial worker's distinctive gain in freedom over the relations of slaves or serfs to their employers. But in the very act of entering the employment relation, the modern industrial

worker *sells a large portion of his freedom. He sells his labor,* receiving wages in return. If it were true that the wage received in fact supplied the worker with other forms of freedom in some degree equal to that which he surrenders, the contract relation of employment would be a fair bargain with no net loss of freedom. But if, on the other hand, the wage received for the most part supplies the industrial worker only with the bare necessities of life, it is hard to see wherein his condition, with the exception of the right to change his employer, differs materially from that of serfs or slaves who were also supplied with the bare necessities of life in return for their labor. When an employer *owns the labor* of an employee, he owns a large part of the workman's life. The full energy and activity of mind and body throughout the working day constitute a large proportion of the real life of any man, are closely allied with his inmost personality. When another man owns your labor on terms which barely enable you to live, that man *comes dangerously close to owning you!* There is more truth in the radical's use of the term "wage-slaves" to describe the status of modern workers than conservatives have been willing to admit.

MASTER AND SERVANT

We come now to a consideration of the distinctive *industrial relation* of modern capitalism. Our courts hold that the relation between employer and employee is a contract relation entered into, as we have intimated, by the sale of his labor on the part of the worker in return for the receipt of wages from the employer. The legal nature of the contract relation thus entered into throws a flood of light upon the whole problem of industrial relations under the capitalistic system. The three words in the legal phrase which is employed by the courts to describe the contract illuminate

the entire subject of industrial relativity. The courts declare that the contract relation between employer and employee *is the relation between Master and Servant!* There may be in modern industry and, in fact, there are kind, benevolent, paternalistic and even "democratic" masters as well as hard, selfish and cruel masters; there may be and, in fact, there are faithful, efficient, intelligent, thrifty, loyal, energetic servants as well as ignorant, lazy, shiftless, rebellious and disloyal servants, but in any case and in all cases the *industrial relation* remains the same—*it is the relation of master and servant.* This is the "law" of industrial relations upon which modern capitalism is built. Nor is the "Master and Servant" relation a mere matter of legal terminology. It describes with unusual accuracy the actual relations of employer and employee in our modern factories. We shall not understand "the labor problem" until we sense the significance of this "Master and Servant" industrial relation and note its reactions and results in modern industry.

AUTOCRACY

Naturally inherent in the relation of a Master to his Servant is the principle of autocracy. Industry is frankly autocratic. One man rules with absolute power over a plant of a thousand employees, or, like Judge Gary, over an industry of 250,000 employees. Every important decision is or may be made by one man, who is himself in turn under the orders of his masters, the owners. In the hands of the stockholders, the law vests ultimate, final and unquestioned authority. The person or persons who own 51% of the stock of any Company are the absolute legal rulers of the affairs of that Company. The basic principle of government in industry is the principle of autocracy. All authority is legally vested in the owners. The work-

ingman is not enfranchised in industry. He has no vcice, no representation in the industrial councils which decide upon issues which affect his life, his liberty and his pursuit of happiness as vitally as the acts of the political government under which he lives. The Board of Directors—elected by the stockholders—may meet in some richly appointed office in Wall Street or in some gentleman's club in Boston and institute a 25% cut in wages perhaps in a dozen mills at a time. A few days later, curt notices appear upon the walls of these mills perhaps a thousand miles away, announcing this reduction in pay. The only thing the workingman has to do with it is bringing the news home to his wife. The next morning, the milkman is told to leave one quart less milk each day. The feeding of the children of the workingman has been taxed by an autocratic act of industrial government without representation of the ten thousand breadwinners whose children must, as a consequence, have less to eat each day. It is a self-evident proposition that the amount of his pay, the safety and hygiene of the conditions under which he works, the amount of leisure at his disposal, the kind of a house he lives in, the food he eats, the clothes he wears, his financial ability to provide for his family and to educate his children are matters of the most vital concern to every industrial worker. Yet he has no recognized voice, is entitled to no direct vote in the control of these matters.

The autocracy of modern capitalism may be viewed in full flower in the isolated industrial communities even of democratic America, particularly in textile and mining centers where even the political and civic rights of the worker are practically taken away from him by the control of the Company over the social and political institutions as well as over the industrial life of the community. In such industrial towns, all of a man's life is managed by

the Company. When a man is sick, he is attended by the Company Doctor or sent to the Company Hospital. His wife is compelled by the Company or by the absence of other stores to purchase not only food and clothing but all necessary supplies from cradles to coffins in the Company store at prices set by the Company. In certain places even "*Company money*" is issued for employees' use in the Company stores and institutions. These coins bear the seal and superscription of the Company and the employees who use them render daily unto the Company the things that belong to the Company! The worker's family lives in a Company house. Many modern industrial villages have installed toilets, running water and some baths. Many—particularly mining centers, have no conveniences. Even in some eastern textile centers, the "rain barrel" as the only source of water supply still persists—the rain barrel which goes dry in summer and from which the ice must be chopped in winter to be melted on the stove for use for all household purposes. Even where water and sewer have been installed, with few exceptions, Company houses are to say the least uninspiring in their monotonous uniformity of design and paint. It tends to deaden imagination and to erase individuality to live even on a Company street. The terms on which Company houses are rented are stipulated, of course, by the Company. Rents are ordinarily not high and constitute a part of the real wages of the men. In many places only three days' notice is required if the Company "wants" the house. The Company may "want" it at once if the worker joins a union or goes on strike. Workers are then evicted and dwell in tents and caves and holes of the earth as they are doing in West Virgina and in New England as I write.

The worker's children attend a Company school, whose teacher is appointed or approved by the Company. If the

worker has time or strength left to read, he can get books only from the Company library where he does not ordinarily find any very dangerously radical literature! If the worker is religiously inclined, he attends the Company church and subjects his mind and conscience to the molding influence of a preacher whose ideas of the Eternal God and of weak and sinful man, his duty and his destiny—have met with the approval of the General Manager of the Company!

The Company also *owns the jobs* of the men. If a man is refused employment, he has no appeal. If he is discharged, he has no appeal. He would be laughed out of court at the very suggestion. The worker's job itself is controlled by an industrial authority in which he has no recognized representation. There has been in Capitalism practically no recognition of the worker's right to a voice in regard to the most fundamental of all his human interests—his right to work—in other words, his right to live! The "black list" with its accompanying detective information service makes the Company's decision in regard to a man's "undesirability" as a worker effective often over large industrial areas, so that wandering from town to town he is informed (after consultation with the information contained in the employment files of the Company where his name may be listed as a "trouble maker") that there is "no work" for him. In the "old days" in a textile mill village with which I am familiar, a worker incurred the wrath of the "Agent" by the crime of purchasing a house of his own and moving out of a Company dwelling, whereupon the Agent visited a truly Mosaic retribution upon him and all his blood-relations with him. The offending workman was not only discharged but his brothers, sisters, brother-in-law and cousin were fired from the employ of the Company and evicted from Company houses!

If, finally, the worker in a Company town runs amuck, he is arrested by a Company sheriff and given a solemn trial by a judge who is also in the employ of the Company. If the court decides that he is an "undesirable citizen," he may be deported in disgrace from the community. He is not thrown out upon the street, for the street too is Company-owned. He is requested to remove himself from Company property which ends several miles down the road. The Company may even fail to send his furniture after him by freight for the Company also owns the only railroad which enters the town!

As the workingman in one of these communities sits at night on the porch of his plain Company house (three days to get out), smokes a corn-cob bought at the Company store, jingles the "Company money" in his pocket and hails the Company policeman as he goes by on his beat, one wonders whether his thoughts are the thoughts of a free man and a citizen in the "greatest democracy the world has ever seen." A reporter for a great New York daily recently applied in vain to the Governor of West Virginia for a permit to enter Mingo County during the coal strike. The Governor informed him that only the coal operators could grant such a permit. They refused, and he could not enter. Is Mingo County a part of the United States? Are any of these industrial communities parts of the United States? A foreign worker in one of the steel mills was asked by an Americanization enthusiast if he understood the difference between his old country and America. "Oh, yes," was the reply, "in old country obey the King—in America, obey the superintendent." Autocracy is inherent in the distinctive industrial relation of master and servant on which modern industry rests. Industry more than any other institution dominates and colors the life of the nation. Industrial autocracy tends to emasculate the democratic

life of America and to rob of its fullest meaning in our own land the democracy for which our armies were said to be sent across the sea to make the whole world safe.

It is true that the industrial communities where houses, schools, churches, stores, libraries and police stations belong to the Company were not constructed with malice aforethought for the very purpose of controlling the civil, social and political as well as the industrial life of the workers. The building of Company towns was incidental to the development of new territory or places where these social and civil institutions did not exist and where they of necessity were supplied by the Company in order to attract workers into the field. The "Mill Village" is a burden in many cases on the mill. Many southern cotton mills have as much as one-third of their capital tied up in this unproductive form of property. Its management is often a distraction and a pest in the eyes of the mill management who would prefer to devote their entire thought to production. In many cases, also, real good-will is shown in the effort to make the industrial village comfortable, sanitary and pleasant. But in all cases the blighting effect upon democratic political institutions and upon the psychology of the worker citizens is apparent or discoverable upon any serious investigation. The Company's wishes prevail in every phase of the life of the people who live in subjection under a complete industrial feudalism. This feudalism may be paternal and kindly. It usually is so *until its authority is questioned or its will is threatened by a show of independence on the part of the workers,* or by an effort to organize the employees so that they may effectively express their wishes in opposition to the wishes of the Company. In such industrial crises, the entire machinery of autocracy goes into action. The workers are evicted from their houses, intimidated by the police, or deported from town.

Free speech and free assemblage, guaranteed by the Constitution of the United States, are forbidden by the local police authorities. School teachers or ministers who dare to speak except in approval of the Company are removed from their positions, and the whole life of the people is subjugated by force to the absolute will of the owners of the industry.

Moreover, we must not fail to note certain reactions and results of the autocracy in the industrial relation of capitalism which are more far reaching and exercise a deeper influence upon our civilization than the occasional dramatic industrial crises to which we have just referred. The effects to which we shall refer are operative every day in the routine life and work of the employees and apply with almost equal force to workers in mills and factories everywhere whether or not they live in Company towns. A man's work in an industrial society is the chief concern of his life, the interest into which he puts most of his time, thought, and energy, and the conditions of which, including wages, hours, safety and health, affect his life and the lives of his children more than any other institution, political or social. What then is the effect *on the minds of the workers* of the autocracy which is inherent in the master and servant relation of capitalism? What types of mind in the great working masses of our population do present industrial relations tend to produce? And what is the effect upon our civilization of those types of mind?

History will bear out the assertion that autocracy tends to produce only two types of mind in those who are compelled to live under its sway. *Autocracy creates either the mind of the slave or the mind of the rebel.* Even ancient slavery, although principally inducing in the masses a slave psychology, nevertheless had its dangerous slave-rebellions.

The Roman aristocracy became as jumpy on the subject of possible slave uprisings as some modern Capitalists have been over the bugaboo of Bolshevism. Medieval serfdom was characterized, for the most part, by servility among the masses but the system was terminated at last in France by one of the bloodiest revolutions in history. The absolute autocracy of the Kaiser in Germany produced a nation of politically slavish minds, thinking the same thoughts, stupidly following to ruin its autocratic rulers, who were in turn blinded by their own power until war and revolution overthrew autocracy in Germany. The autocracy of the Czar produced Bolshevism and brought on the Russian revolution. Autocracy produces only two types of mind—the mind of the slave and the mind of the rebel. And these are two types of mind which distinctly characterize our industrial workers to-day.

It is true that in many companies where autocracy has been tempered and all but forgotten in kindly coöperative relations between management and men, neither servile nor rebel psychology is noticeable in pronounced form among the workers. Inasmuch, however, as autocracy—the final authority of one class—remains inherent in the industrial relation, so the *tendency* to produce servile or rebel mental reactions in the workers also remains. We are justified, therefore, for the purposes of an industrial diagnosis, in studying the pathology of the subject and in making observations upon the industrial organism in its more diseased state in order that we may learn facts in regard to our industrial life which will be helpful in determining the necessary adjustments in industrial relations to restore health to the whole industrial body. We shall, therefore, proceed to note in their pronounced forms the characteristic reactions to autocracy in working class psychology.

THE MIND OF THE SLAVE

The great masses of our unskilled, unorganized workers docilly accept the absolutism of the industrial hierarchy which directs their every act and determines without consultation with them the very conditions of their lives and the lives and opportunities of their children. When workers do not dare to raise their voices in effective, organized protest against autocratic control of their own most personal, most vital interests, how far does their psychology differ from the mind of the slave or serf? It differs principally as we have pointed out—in the modern worker's knowledge of his right to change his employer. "If he doesn't like it, he can at least get out." But he has to go to work in the next shop under substantially the same conditions. The unorganized worker is, therefore, of necessity *servile* in his attitude to his employer. Servility is not productive of industrial efficiency. Those representatives of the public who bitterly complain in the press and those representatives of management who find it necessary continually to "preach" to the workers of their factories on the necessity of more energy, thrift, and interest in their work, would find the deepest explanation of what they term the laziness and indifference of labor in the *servile mind* which modern capitalism, with its master and servant industrial relation, has created.

The manifestations of the servile mind in industry call for the most serious consideration on the part of managers and industrial engineers. Much of the psychology of the workers which has been the despair of management is attributable to the servile mind of unorganized labor. One of the comparatively recent discoveries of psychology is the fact that natural desires and normal instincts, when suppressed, and not allowed expression, issue in exactly

opposite desires and states of mind. There seems to be abundant evidence of this phenomenon in working class psychology. The constant repression by the autocratic management of industry of frank and full expression of opinion on the part of the workers in regard to affairs connected with their daily work, and the suppression and discouragement of constructive suggestion from employees in regard to working conditions and mill management may be held largely responsible for the constant criticism, the hurtful gossip, the misleading and often unjust rumors which run like poisonous underground currents through the mill. *The suppression of free expression has driven the worker's thinking upon factory matters underground and made it largely negative and destructive.*

Certain moral failings such as small-mindedness, suspicion, jealousy of those who get on in life are also manifestations of an inverted psychology on the part of masses of people whose natural aspirations for self-expression, whose longing for a share in the fullness of life have been thwarted and denied. A further interesting, although minor manifestation of this same psychology among some working people, is the strong atavistic impulse which is characteristic particularly of the women folk of workers in East and South who will not allow their husbands to move far away from their native mill village in order to get a better job. If they do venture forth, they come back again in astonishing numbers. This is but another phase of the state of minds in which adventuresomeness, initiative and ambition have been impaired by the major principle of industrial government which has continually discouraged qualities of independence, and demanded instead unquestioned obedience to absolute authority.

The precious instincts of independence, initiative, and self-assertiveness to which the very progress of the race

have been largely attributable have been constantly and consistently suppressed in masses of working people by the operation of the principle of autocracy in industrial management. Not only so, but *the equally deep-rooted human instinct of possessiveness is also thwarted and denied in the soul of the servant-worker by the very facts of the case.* The servant-worker does not own his job. He does not own his tools. He does not own the materials which he handles. He owns no part of the finished product which he helps to create. *The creative instinct is thus also robbed of a vital urge* by the fact that the servant-worker does not own any part of that which he creates. He has no interest in the business, in either sense of the expression, and the one fact explains the other! The wage-earner is in fact a servant, working under orders, upon materials belonging to another, for the profit of his master. His psychological reactions are simply attuned to the facts of the case. That owners and managers are not satisfied with these mental reactions of employees to their work—that the industrial servility which capitalism has itself induced and insisted upon *is not satisfactory or efficient* is attested by the variety and complexity of the cunning devices of all sorts now being utilized by management in an effort to get better work out of employees. These devices include scientific management, piece work, bonuses, secondary wages, charts to stimulate pride in individual and departmental records, "speeding up," and in some cases profit-sharing, "Industrial Democracy," and "The Golden Rule"! It is true that these devices often result in obtaining more and better work from employees. There is a difference in the quality and quantity of work to be obtained even from servants. But the *servant relationship itself* runs athwart such basic human instincts, represses such fundamental human desires and energies, that *it would seem probable*

that maximum efficiency among industrial workers can never be obtained under present industrial relations. The master and servant industrial relation of modern industry seems to be one of the primary causes of inefficiency among unorganized wage-earners, whose mental reaction to the autocratic principle is so largely that of the servile mind.

THE MIND OF THE REBEL

But autocracy creates only two types of mind—the mind of the slave, or servant—and the mind of the rebel. Manifestations of the rebel mind among industrial workers are also observable on every hand. Industrial managers testify to this fact in no uncertain terms. After trying numerous devices to solve their labor problem, many managers are lifting up their voices in loud complaint against Labor and its ways. Significantly enough they express themselves often in the exact words used by the ladies to describe their domestic servants,—"It does seem," they sigh, "that the more you do for them, the more insolent and independent they become." Just so! *For we are witnessing once more the transition with which history has made us familiar—the transition of mental reaction, under the continued pressure of autocracy, from the mind of the slave to the mind of the rebel.* Signs are not lacking that this transition is being rapidly accomplished in our day. Not only have we witnessed a violent revolution in Russia with the establishment of a radical industrial government, but the less dramatic trend of working class psychology in many lands is one of growing independence and defiance of the powers that be, and is characterized by far-reaching plans for political and industrial action on the part of an increasingly class-conscious labor movement.

The public is so familiar with the frequency and seriousness of industrial strikes, some of which threaten the very

life of entire populations, such as great railroad and coal strikes, that it would be a waste of space to pause to point out at length the grave dangers to our very civilization which increasingly threaten from this source. The most loudly applauded statement which I heard made at a recent convention of the New York State Federation of Labor was a report that the street railway strikers in Buffalo had been so incensed by the use of force by the State Police that certain strikers who were ex-soldiers had declared, "By G——, they taught us to shoot over in France. If they're going to start that stuff, we'll show them that we can shoot over here too!" Herrin and Ludlow are fresh in the minds of every one. The following news item announcing the conclusion of the coal strike summarizes briefly the bloodshed and destruction which accompanied this conflict: "Lewis pointed out that the strike has cost the union approximately two million dollars. During the twenty-eight months of the strike there were thirty known deaths. Fifty persons were wounded. Mining equipment, destroyed by dynamite and fire, was valued at $250,000. Four State policemen and a member of the Kentucky Militia were killed. One outgrowth of the strike was the killing of Sid Hatfield and Edward Chambers on the court house steps at Welch. Violence reached its crisis in May, 1921, when a battle raged for three days along the Kentucky border. Three men were killed. Mingo County was placed under martial law by Governor Morgan and the order was not lifted until a few weeks ago."

The danger to civilization from bloody class revolution is increased in our day by the teachings and example of both Church and State. The State has used force upon a gigantic scale in defence of democracy. Labor wants democracy in industry. The Church has added her moral sanction to the way of blood. She has instituted flag wor-

ship in sacred places, setting up the National Emblem in equal honor with the emblem of the Cross in times of peace and as of greater authority and commanding a superior obedience to the emblem of the Prince of Peace in times of war. The moral sanction of the Church has been given to bloodshed "in a good cause." Labor feels that its cause is good, and its revolutionary spirit is increasing. If we cannot hope to change the dangerous teachings of State, School and Church in our day, it becomes still more necessary that we should *discover the cause of the revolutionary spirit of labor* in the hope of avoiding a great industrial conflict.

The ultimate explanation of Labor's revolutionary spirit is to be found in the rebel mind which is engendered in the more courageous and self-respecting individuals and groups of workingmen by the repressive principle of autocracy which, as we have seen, is inherent in the master and servant relation of modern industry. In ever-increasing numbers men and women driven on by the basic instinct of self-assertiveness *are rising up and refusing to accept the status of servants in the industrial order.* The great urge toward self-determination is moving irresistibly beneath the surface of industrial relations. It is not strange that this should be so in democratic countries where the people are taught ideals of equality, liberty, fraternity, democracy. Neither is it very strange that there should be an accelerated push toward the realization of these ideals in the whole world which our statesmen tell us has been so recently made safe for democracy. I hold no brief for revolution. I believe it to be as destructive as war and like war to defeat its own ends by the reactions which always follow the use of force. I believe it to be all the more important, therefore, that we should understand *the cause of the rebel mind,* which increasingly characterizes

the Labor movement so that if we do not like its manifestations, we can make an intelligent scientific move to correct the evils with which it seems to threaten society *by removing the cause.*

LABOR UNIONS AND THE REBEL MIND

I once heard two autocratic gentlemen discussing labor conditions in their town. After agreeing that the workers there were all happy and contented, one said, "Yes, I find the people here *very docile,*" to which the other replied, "I wouldn't say that, but I do think they are very *reasonable.*" Workers who do not ever effectively challenge the absolute industrial authority of the mill owners are described by them and by the press as "happy," "contented," and "reasonable." Those who do challenge the absolute dictatorship of capital over wages, hours and conditions of employment,—and this can be done effectively only through combination in Labor unions,—are often described as "unreasonable," "radicals," "reds," "agitators," etc., at any rate at such times as their challenge of authority is firm and sufficiently drastic to "cause trouble," and to inflict loss upon the owners, or inconvenience to the public. The anathemas of Capital and the petulance of the Public are directed principally at the Labor unions as the "trouble makers." And it is true that the Labor union is the very incarnation of the rebel mind in industry. It is perhaps unnecessary to explain that the term "rebel" is not used here in any opprobrious sense but merely to describe a mental reaction to certain stimuli. In characterizing the Labor union movement as a response of rebel minds, I do not wish to be misunderstood. Rebel psychology may be an honorable state, depending upon what is rebelled against. In rebelling against the principle of autocracy, organized Labor and its leaders would seem to be in illustrious com-

pany and to have added their names to a glorious array of patriots, who have in historical crises stood out as rebels against the autocracy of the particular times in which they lived. George Washington was the first outstanding example of the rebel mind in its response to autocracy in America. In classifying Samuel Gompers and Sidney Hilman as rebel minds, therefore, we do not mean to imply that history may not yet write down their names with those of Washington and Jefferson. On the other hand, we do not mean to imply that the rebel mind is desirable as a permanent attribute of the average citizen in a peaceful society. The same persons who possess rebel minds under certain conditions may, and do, utterly change their mental attitude when the cause of their rebellion is removed. George Washington did not for all the years of his life exhibit rebel psychology and tramp up and down the length and breadth of the land at the head of his armies, brandishing his sword and indulging in conduct certainly inimical to "law and order" and to "reason," half starving his own ill clad followers, and slaughtering thousands of his cousins of British blood. This strange conduct ceased when the autocracy which created the rebel reaction in Washington's soul was removed. He then settled down and became a peaceful, constructive and useful citizen. Bearing in mind, then, that the rebel mind is but a reaction to the autocratic industrial relation of the present order and that the labor unionists who now make the most trouble might under changed conditions—like Washington—become peaceful, constructive and useful citizens, it will be enlightening to note some of the manifestations of the rebel mind expressed largely through the Labor unions in our modern industrial life.

Mr. Waddill Catchings, in an article in the *Atlantic Monthly* for February, 1922, has indicted the unions about

as thoroughly and as forcefully as any writer in recent years. Mr. Catchings is president or director of an imposing array of important industries, and very evidently has first hand information in regard to the unreasonableness of Labor unions. The chief points in his indictment are that "at the very foundation of the labor union is the conviction that economic or other forces must be brought to bear upon the employer to get him to do those things which otherwise he would not do." That is a conviction common to the rebel mind in all history! "The strike is the great weapon of the labor union," he goes on to say, and in order to make this form of force effective the Labor union stands for the closed shop, "opposes the forces of law and order," and "finds itself in opposition to the courts"—the rebel mind! Limitation of output, inordinate demands, loafing on the job, constantly seeking to do less work and get more pay, jurisdictional disputes, lack of any interest or concern in the success of the employer's business, the determination of union policies by mass action and emotion rather than by deliberation, breakdown of discipline in a factory—"the very nature and basis therefore of the labor union movement arrays employer and employee in battle." "In fact the struggle between the employer and the labor union is not constructive on either side." "Passions are aroused, the atmosphere is one of suspicion and fear. Always there is the need of protection from attack." What a picture all of this suggests to us of the rebel mind! As a matter of fact, the struggle between Organized Labor and Organized Capital exhibits all of the major characteristics of war. Force of one kind or another is the method employed by both sides. Deceit, lies, misrepresentation, false propaganda, industrial spies,[1] bitterness, hatred, reprisals, dyna-

[1] Many detective companies make a specialty of industrial "service" to employers, sending operatives into the mills as regular

mite, violence, murder—these war activities are carried on by Capital through the newspapers, industrial detectives, company gunmen and guards; and by Labor through its speakers and its press, and by the riotous acts of strikers in industrial crises and sometimes by the insidious, immoral method of sabotage even during the armed truces which intervene between the periods of open conflict. It is *war,* passionate, violent conflict between rebels endeavoring to gain industrial liberty and the autocratic power of vested privilege seeking by force to crush the rebellion which challenges its authority.

In the nature of this major relation of war between Organized Labor and Capital, there is to be found also the explanation of a certain type of Labor leader too commonly prevailing in the past among the unions. Labor of necessity must pick its leaders for war, desperate war against great odds with most of the powerful weapons in the hands of the enemy. *It is no wonder that the bull-necked type of Labor leader is so often chosen!* It is not to be wondered at that men who have good reason to be afraid at their own temerity in opposing their wills to the will of their employer,—it is not at all amazing that these men should choose as their leaders big "two-fisted," courageous men with loud voices and commanding presence whose boldness has the effect of inspiring confidence in the ranks and bolstering up the timid ones for the impending fight. That

workers to mix with the employees, becoming even officers in the unions and all the time informing the employer of the names of leaders or "agitators," of the doings at union meetings, state of their treasury, and sometimes "selling out" the unions to the employers by influencing the union's votes in their own meetings, or by advocating violence and getting the union in wrong. The detective companies also furnish strike-breakers and gunmen to their "clients" on a few hours' notice. Industrial concerns are solicited and circularized to obtain business of this kind. I have before me, as I write, one such circular letter offering the trained services of industrial spies for these purposes.

the public should find such Labor leaders somewhat lacking in the finesse of diplomacy and not highly endowed with technical knowledge of economic problems is not surprising. They are not selected for such polite and scientific pursuits. They are chosen to lead the desperate rebellion of workingmen who must find in their leaders preëminently the fighting qualities of courage, strength and confidence. The "ignorant," "domineering," "unreasonable," "loud-mouthed" Labor leader is simply another manifestation of the rebel mind in industry. This fact is borne out by the observation that as unions have grown in strength as many have grown in America, making the industrial contest with employers more equal, or as the unions have been generally recognized and dealt with over a term of years as in England, or where constructive industrial agreements have been entered into with the unions, eliminating the strike and the lock-out, a new type of Labor leader has been developed. Technically educated, industrial statesmen have replaced the crude rebel leaders of the early stages of industrial conflict.

Thus all of the socially objectionable features of labor union policy and action, and the sometimes unfortunate types of Labor leaders, are directly attributable to the rebel mind which is one of the two possible mental reactions to the autocracy inherent in the master and servant industrial relation of capitalism.

Students of the subject will agree that neither the mind of the slave nor the mind of the rebel which characterize industrial workers to-day can constitute a permanent or efficient working basis for industry. The "master and servant" relation which creates these two types of mind in the workers is very evidently not a scientific adjustment of human relations. Our civilization which is founded upon this industrial relation shows increasingly alarming signs of

possible failure as complete and perhaps as tragic as the historic failures of feudalism and of slavery. And the rebel mind will not grow less. The present tendency to crush and stamp out the manifestations of industrial rebel psychology by the use of military force, and by the power of court injunction, will only increase the intensity of revolt and arouse all the latent instincts of pugnacity which lie just below the surface of what we call civilized society and which constitute such a constant menace to social security. Action and reaction are equal. Force will be used by Labor to the exact degree that it is utilized by Capital unless the power applied by the owning class be such as absolutely to annihilate all spirit of manhood in the workers and reduce them to a state of abject slavery. If this were done, civilization would again fall by its own weight. But such an overwhelming use of force to crush the rebel mind in modern industry is unthinkable. It would result with absolute certainty in violent, bloody revolution with all its accompanying atrocities. History shows us beyond all possibility of question that the increasing use of force by any ruling class has always resulted in revolution. The French Revolution, the American Revolution, the Russian Revolution should be enough to deter any sane minds from the policy of force. Yet this policy seems to be gaining in favor in America just at this time. It is particularly unintelligent to believe that the rebel mind in industry can be eliminated by force in America or in the other lands where the ideals of political democracy have been set up. In such lands, the revolt against industrial autocracy, which leaves final power in the hands of the owning class, *is sure to increase, unless and until the cause of the rebel mind in industry is removed.*

No nation can long continue to produce political citizens and industrial serfs; men and women inspired by ideals of

democratic, representative government in politics, but allowed no vote in the councils of industry, the conditions of which will more and more determine the real lives of the people. In America we are living in a house which is divided against itself. Developing from an agricultural society governed by the democratic principle, America has grown into an industrial nation, with industry governed by the power of a single class. There has in effect grown up a state within a state—an autocratic industrial state within a democratic political state. An united America which will again stir all of her citizens to unbounded enthusiasm cannot be born anew from a mere increase of patriotic propaganda and the institution of flag worship in our schools and churches, through the activities of the American Legion, and by the drastic suppression of "Bolshevism." An united America, fired with patriotic fervor, will be born again only when we set our house in order and develop uniform and consistent human relations, and unalienable rights of citizenship in the industrial as well as in the political and civil life of the nation.

III

RELATIVITY IN WEALTH AND INCOME

Another feature of the present industrial order which is in part a result of the master and servant relation of capitalism, and which exercises a constant, powerful and far-reaching effect upon working class psychology is the distribution of wealth and income in modern industrial society. The worker's mind tends to be moved either to hopeless servility or to a state of equally inefficient rebellion by the consciousness of the fact that he is working for industrial masters for the purpose of helping to create for them profits in which he will have no share. The worker's "lack of interest in his work"—whatever other causes may account for it—is daily and hourly intensified by the apparent discrepancy between "what he gets out of it" and what the Company makes and passes on chiefly to stockholders whose standards of living are already so far above his own as to place them in another class altogether from himself. Even during slack times when the Company is losing money, the principal stockholders do not appear to the worker to reduce their standards of living. They seem able still to purchase expensive limousines, to indulge in trips to Europe in summer, and to take long winter vacations in Florida. The Sunday supplements present graphic evidence to the workers of the ease and grace and joyous gaiety of the life of the wealthy class. The principal stockholders appear able to maintain their high standards of luxury even when the worker is ordering less milk and

fewer groceries for his children. These facts create a deep impression upon the minds of working men and women, *the ultimate object of whose daily toil is to make profits for the owners of industry.*[1]

The mere sight every day of the great industrial plant, the enormous factory buildings costing millions of dollars, the expensive machinery, the automobiles, land, houses and equipment owned by the Company is a forceful, constant reminder to the workingman of the relative wealth of those for whose further profit he toils. The reason that so many workers "watch the clock" and fairly stampede out of the factory when the whistle blows is not far to seek. Among employees of weaker moral standards the relative wealth of the Company also forms the basis of the excuses which they offer to themselves and to each other for petty thefts of materials, tools, etc., from the Company. "The Company is rich," they say. Without watchful oversight on the part of the management, preventable waste of Company materials through pure carelessness might ruin any concern in a single year. In spite of the most watchful and efficient management, there is no doubt that millions of dollars' worth of materials are destroyed or wasted in the United States each year by workmen who do not care. I have seen workmen smile over a loss of thousands of dollars to the Company due to careless machine running by some fellow employee. The individual offender was discharged but it made little impression on the others. "H——," they said, "the Company's rich—I guess they can stand it."

[1] This is not the language of radicalism but the considered judgment of the courts upon the legal purpose of corporate enterprise. See "Dodge vs. Ford Motor Co." (American Law Reports Annotated), published by the Lawyers' Coöperative Publishing Company—Edward Thompson Company—Bancroft-Whitney Co.), page 441—quoting decision of Michigan Supreme Court as follows, *"A business corporation is organized and carried on primarily for the profit of the stockholders."* (Italics mine.)

This relativity of wealth which is hourly so visible to the employee strikes deep into his mind and accounts for much of his psychology of indifference, lack of interest and loafing on the job.

Modern capitalism and the machine age have, to be sure, vastly increased the supply of goods in the world, produced more and better clothes, houses, roads; developed the inventions of the railroad, the automobile, the trolley car, the telephone, the gramophone, the motion picture; supplied workmen's cottages with modern plumbing, toilet and bath, steam heat and electric light. The death rate and especially the rate of infant mortality have been astonishingly reduced for whole populations by the services of Health Departments and the dissemination of knowledge. The general standard of living may perhaps be said to have been raised for every one in industrial countries under modern capitalism. There are, to be sure, serious accounts to be entered on the debit side of modern industrial society; increased population with decreased food supply, congestion in city tenements, unemployment, and a low wage scale. But for the sake of argument at least, we may admit that modern capitalism has raised the general standard of living among the workers. *It becomes then still more striking to note that industrial unrest has not disappeared but on the contrary seems to be increasing along with a general rise in the standards of living.* This fact can only be understood in the light of the *relative* distribution of wealth and income in modern society together with a more accurate realization of what the wage-scale really means in terms of the economic life of the average worker's family. The social and international effects of the prevailing distribution of wealth and income in capitalistic countries must also be noted briefly. We shall then be in a position better to understand the gravity of the far-reaching conse-

quences of the master and servant relation which has found expression in our present distribution of wealth.

Statistics show that a great economic gulf does, in fact, lie between the working class and the owning class in the distribution of wealth and income. Only 3% of our people pay an income tax, although its provisions would seem to reach far down into the middle class. "Only 15% hold securities of any kind."[2] The Federal Commission on Industrial Relations found that 2% own 60% of the wealth of the nation, 33% own 35% of the wealth, and 65% of our people together own only 5% of the total wealth. Professor King[3] states than $\frac{1}{50}$th of our population owns $\frac{2}{3}$rds of our wealth—65% of our population owns 5% of our wealth, $\frac{4}{5}$ths of our population owns hardly 10% of our wealth, and $\frac{1}{400}$th ($\frac{1}{4}$ of 1%) of our population owns one quarter of our wealth. Professor Ward tells us that the largest single income in the United States equals the total incomes of two and a half millions of our people.[4] Henry H. Klein[5] gives actual names of the wealthiest families of the United States together with figures showing their enormous wealth. The book reads like a dream of gold. "The estates of these and other excessively rich men," says Klein, "show that they control the leading industries, utilities and banks. They control the railroads and mines; and the bulk of their great fortunes has been left to mediocre and inefficient heirs. These estates can never diminish so long as private monopoly and the cohesive power of great wealth endure." "Of three million stockholders in the leading corporations in the United

[2] Statement by Roger W. Babson in his "Special Letter," Jan. 27, 1920.

[3] Wilfred I. King, *Wealth and Income in the United States.*

[4] Harry F. Ward, *Gospel for a Working World*

[5] *Dynastic America,* by Henry H. Klein, 152 East 93rd St., N. Y., page 14 ff.

States, *less than one per cent. controls.*[6] . . . Fifteen stockholders own a majority of Standard Oil stock, the market value of which is about Three Billion Dollars. Of about 20,000 shareholders in the American Tobacco Company, ten own a majority. The same state of concentration is true in the five corporations that compose the Beef Trust." "Of 628,000 stockholders in the railroads, the majority is owned by 8,300 or 1.3 per cent., according to government report. These controlling shareholders own an average of 6,130 shares each, as against an average of 75 shares each held by the other stockholders." "According to the report of the Walsh Industrial Commission in 1916, 1.5% of the stockholders in the Steel Trust owned 57% of the stock."[7] "The report of the Pujo Congressional Committee of 1913 shows that the leading banks are controlled by those of excessive fortune who dominate industry."

In the light of these figures, the "poor widows and orphans" with a few shares of stock whose earnings "must be maintained" out of pure humanity do a decided fade-away into the industrial background! The impressive statements of some of the great corporations as to the thousands of employees and other small stockholders who share the prosperity of their companies also tend to give a misleading impression and to cover up the true fact of a startling inequality of holdings of wealth and of power by a few.

The concentration of great wealth in the hands of a comparatively few people means a virtual control over the life of the nation. Through the banks and the control of credit

[6] Italics mine.

[7] Kirby Page states that less than 2% of the stockholders own a majority of the stock and quotes Judge Gary's statement that he personally has cast proxies for majority of stock for nineteen successive years. See *The United States Steel Corporation,* by Kirby Page, pp. 24-25. (George H. Doran Co.)

and through the manipulation of the stock market prices and markets are powerfully affected; through interlocking directorates a comparatively small group controls and directs the policies of the great industries. The significance of this fact in view of the distinctive industrial relation of employer to employee which we have pointed out is stupendous. A few, by control of wealth and ownership of industry, are the virtual rulers of the most vital life of the nation. Nor does political democracy seriously disturb the power of the great industrial owners for *they also own most of the means of molding public opinion,* and hence of controlling the political life of the nation as well. The theaters, the motion pictures, the newspapers, the major political parties, the schools, the colleges, and the churches are largely under the control of the propertied class. By means of control over these institutions the owning interests are able very effectively to direct the thoughts and to influence the opinions of most of the people most of the time.

At a recent meeting of manufacturers from various parts of the country, a gentleman who had made a special "investigation" of radicalism in the United States made a report and distributed to each of the manufacturers from different states slips of paper giving the names of certain citizens in his state, who, in the speaker's judgment, entertained radical views and upon whom it would be just as well to keep a watchful eye. As a result, I know of one man at least who had been for years in a position of trust and influence as editor of a Church paper who lost his job because of the consequences of a certain manufacturer's "information" about him.[8]

[8] It is interesting to note that the only specific charge against some of these men accused of "radicalism" was that they were subscribers to the American Civil Liberties Bureau, an organization of respectable citizens actuated by the patriotic impulse to

It is probably true that this control of the ministers, school-teachers, and editors is not ordinarily sought with conscious purpose, although it may be so in regard to the great newspapers and some of the universities and public school boards. But, in any case, it is a natural and inevitable effect of the relativity of wealth in our country which gives overwhelming power to the few. Wealthy men naturally, often from high motives, become leaders and the chief supporters of the church and of education. When any "employee" of these public institutions expresses sentiments which appear to the wealthy elders, deacons or university trustees to be "unsound" or "dangerous," it is natural that their "influence" should be exerted either to convert the erring one to sounder views of economics and politics or regretfully to ask him to resign, much as it may pain their Christian sentiments of friendship to do so. Whether or not wealthy men, Manufacturers' Associations and the great Foundations" [9] consciously seek control over educational institutions, the Church, the press, motion pictures and political parties, the fact remains that the same class of people who own the bulk of the wealth of the nation do in fact, by virtue of their money power, also principally direct these forces which mold the public opinion upon which democratic government is supposed to rest. The life of the nation is, therefore, practically controlled by a

help maintain the rights of free speech in the United States as they are guaranteed by the Constitution. But "what is the Constitution among friends?"—or, as a director of the Amoskeag Manufacturing Company said to a clergyman who protested against the suppression of free speech during the recent textile strike and quoted to him the Constitution of the United States, "Oh, Mr. Jump, that is very old. That document was written a long time ago."—See *The Survey* for August 1, 1922—"Six Months in a Strike City," by Herbert Atchinson Jump.

[9] Henry Klein, in *Dynastic America,* makes interesting allusions to the personnel of the directors of the Rockefeller Foundation and to some of its activities.

plutocracy. Fortunately there are many broad-minded individuals among the wealthy class who encourage and support liberal attitudes in certain sections of the press, in schools, pulpits and politics, and help to make possible a degree of freedom in thought and speech in our national life without which the rule of our propertied class might become an intolerable burden to freedom.

Let us turn now to the other side of the picture in order to understand the contrast between the economic status of the propertied and the working classes and the relativity of wealth and income which so profoundly affects the psychology of the worker. Let us consider the income of the average workingman together with the relation of his income to an estimated budget of his cost of living. Numerous scientific studies have been made during the last few years, estimating the minimum amount of money which it would take to support an average American family in health and decency. In August, 1919, the United States Bureau of Labor Statistics prepared for Washington, D. C., a minimum health and decency budget for a family of five—father, mother and three children under fifteen. The total budget at the time of pricing cost $2,262.47. Applying to this the Department of Labor index of the cost of living in Washington, we find that in September, 1923, this budget required $2,040.73. In September, 1921, the National Industrial Conference Board prepared a "fair minimum standard" budget for Detroit.[10] The total figure of the budget for a family of five was set at $1,697.95 per year. Reducing this budget to prices prevailing in September, 1923, we have a figure of $1,675.37.

Let us take the National Industrial Conference Board

[10] National Industrial Conference Board, "The Cost of Living among Wage-Earners," Detroit, Michigan, September, 1921. Special Report No. 19, October, 1921.

estimate, for three reasons. First, it was prepared by an employers' association. Second, it is the lower of the two, being some $365 below the government's "health and decency" minimum. Third, because it is not an "ideal" budget which it is claimed workers *should* have, but is supposed to be a study of the amount of money actually expended by workers' families in Detroit in order to maintain a "fair minimum" standard. At September, 1923, prices, this annual budget of $1,675.37 may be reduced to $32.23 per week, and itemized as follows:

Food	$10.29
Shelter	8.15
Clothing	5.21
Fuel and Light	2.25
Sundries	6.33
	$32.23

Try for a year spending ten dollars and twenty-nine cents a week for food for a family of five and only the amounts indicated for other items. *After you have tried it,* you will be in a better position to realize what the wage statistics for the nineteen leading industries in the United States really mean in the life of the working people of this "land of plenty." For the average weekly earnings of *all wage-earners* for August, 1923, the National Industrial Conference Board reports stood at $26.59 or five dollars and sixty-four cents a week less than their own estimate of the fair minimum standard described above. This means that the average wage-earner would have to receive approximately 21% more wages in order to meet the amount of income which an employers' organization itself estimated as a "fair minimum standard" in Detroit. It is true that it costs less to live in rural sections and small villages where rents are not so high and gardens help to supply food, but

the wage is also usually less in those sections. The proportion of average wages received by the workers to a minimum subsistence budget does not vary greatly the country over from the discrepancy revealed in the above comparisons.

It should be borne in mind that we have used the Conference Board's figures on a worker's budget and that the United States Bureau of Labor Statistics' estimate of a minimum health and decency budget would be approximately twenty-one per cent. above that of the Conference Board. Consider also the comment of the United States Bureau of Labor Statistics upon its own budget which reads as follows.[11]

"It needs to be emphasized that the budget level adopted in the present study is in no way intended as an ideal budget. *It was intended to establish a bottom level of health and decency below which a family can not go without danger of physical and moral deterioration.*[12] This budget does not include many comforts which should be included in a proper 'American standard of living.' Thus no provision is directly made for savings other than insurance, nor for vacations, nor for books and other educational purposes."

The articles in the United States Bureau of Labor Statistics' budget have also been priced in numerous other cities by trained investigators of the Labor Bureau, Inc., of New York City. At September, 1923, level of prices the cost ranges from $2,042.94 in Schenectady to $2,611.43 in Los Angeles. The Washington budget is, therefore, not unduly high for the country as a whole.

In order to remedy the most obvious deficiencies of the Government budget, the Labor Bureau, Inc., has pre-

[11] See Monthly Labor Review for December, 1919, published by United States Bureau of Labor Statistics, page 25.
[12] Italics mine.

pared a "Minimum Budget for a Skilled Worker." This has been established by adding to the "Minimum Health and Decency Budget" a few items of clothing, furniture, household equipment, savings, recreation and education, which may be considered essential for a slightly higher standard. "For example, we let the skilled worker buy a new overcoat every three years, instead of four; we indulge his wife in the luxury of a silk dress every three years, and one pair of kid gloves and two pairs of silk stockings annually—none of which the Government budget grants to a worker's wife; we allow the children six sets of underwear per year, instead of five, and four nightgowns instead of the two which, according to the Bureau of Labor Statistics' budget, should suffice for health and decency. By way of household equipment, the Labor Bureau has added some very necessary utensils and, in addition, a few pieces of furniture to help create a home instead of the bare living quarters provided by the Government budget. In this category are a clock, a lamp, a bookcase, and three photographs or prints for decorative purpose. In the miscellaneous section of the budget, they have made an allowance for weekly savings, for a short vacation each year, for cultural education for one of the children, for some books and pamphlets for the family—surely all of which should be within the worker's reach." [13]

This not unreasonable worker's budget at September, 1923, prices would cost, according to the Labor Bureau's estimates, between $2,455.76 in Reading, Pa., and $2,972.15 in New York City. Taking the lowest of these figures ($2,455.76) we find that the Labor Bureau's budget is approximately twenty per cent. above that of the United

[13] Arbitration Proceedings and the Findings and Award—Closed Shop (Printers' League) Branch, New York Employing Printers' Association, Inc., and Typographical Union No. 6. New York City—1922.

States Bureau of Labor Statistics, and forty-seven per cent. above that of the National Industrial Conference Board—the comparative figures all reduced to September, 1923, prices standing as follows:

National Industrial Conference Board	$1,675.37
United States Bureau of Labor Statistics	2,040.73
Labor Bureau, Inc.	2,455.76

The wages of the entire textile industry (North) [14] averaged only $19.59 a week for the year July, 1922, to July, 1923, or an average of $1,018.68 per worker for the year. In view of the foregoing figures, does any one believe that a man can support his wife and three children in health and decency on that amount? Evidently the manufacturers themselves do not believe that it can be done. The *New York Times* quotes the secretary of the Rhode Island Textile Association as making the following statement, which describes with unusual frankness the effect of the low wage scale not only in the Textile Industry, but, as he says, in many other industries throughout the United States. "The cotton owners for nearly a century have based their decisions on a 'family wage.' It has been customary," he said, "for fathers and mothers and often one or two children to work in a mill and pool their wages. . . . We always figure the earnings of a family collectively," he said. "Of course, there may be some criticism of this policy, but it is practised in many other industries throughout the United States." [15]

The significance of these conditions and of their effect on the minds of the workers when taken in conjunction

[14] Average drawn from figures of National Industrial Conference Board Research Report. No. 62—page 65.

[15] Quoted from the *New York Times,* issue of March 11, 1922.

with the relative income and living conditions of members of the owning class is tremendous. "Customary for fathers and mothers and often one or two children to work in a mill." It is customary. That is true. Otherwise the average worker's family would starve. But the human tale that hangs thereby! Children are taken from school the very moment that the law allows them to work. The Supreme Court of the United States has declared unconstitutional the Federal attempt to restrict by taxation this precious liberty for American children. The children "go to work in the mill" and their education stops. Is it surprising that the level of intelligence and education even in America is so low as to alarm some folks and make them doubt whether democracy can be trusted to such uneducated masses? The wage scale in American industry is a contributing cause! "It is customary" for the fathers *and mothers* to work in the mill! That is too true! But if you happen to *have* "three minor children," who are so young that even the employers do not want them, what are you going to do? The father's wage will not support the family. Some one else must work or the children will starve. "It is customary" for the *mothers* to work in the mill. Well, what becomes of the "three minor children," or, perhaps it is four?[16] In companies where "welfare work" is fully developed, or where the leading lady stockholder takes an interest in charitable enterprises, there may be a Day Nursery all nice and clean, where the children can be left during the long hours of the working day. The mothers come out of the mill and reclaim their children at the close of the day. During the hours of the day, the mothers work at the loom for the profit of the class which

[16] Of course, poor people should not have such large families in spite of the fact that we arrest as dangerous those who attempt to educate them on the subject of birth control.

in "charity" supplies the Day Nursery! Day Nurseries, however, are not common, *and there is an abnormally high death rate of babies in mill towns.*[17] The mother often works in the mill until a few days before the baby is born and goes to work again as soon as she is up and about. What are the thoughts of the mother whose baby dies on account of these conditions? What are the thoughts of the mother who is obliged to leave her tender children unprotected through the hours of the day when they need her care, her mother's love and constant guidance? What are the thoughts of the mother who sees her children only "out of hours" when she herself is tired and irritable and obliged to wash the dishes and do all of her own housework "after she comes home from work?" What are her thoughts in regard to "the rich" mothers, who do not toil in factories nor take in washing, nor even do their own work, but who, because they are members of the owning class, receive the profits of industry and are able to keep servants, maids and nurse-girls in their beautiful homes to do all of their housework for them and "to help" with the children?

A widowed lady recently became very seriously worried and anxious because a certain corporation passed its dividends. She had to rely upon those profits, she said, and could not get along without them, as she wanted to take a trip to Europe with her two sons. I wonder if she knows about the mothers, both wives and widows, and about the young children, who, in order to earn a bare living, work in the mills which make the profits upon which she relies to give her children the advantages of European travel? Can it be that the *"master and servant"* relation of capitalism makes right in the eyes of the owning class the relativity of wealth and income which obtains? One of the

[17] See *Instincts in Industry,* Ordway Tead, page 16.

indications of the increasing revolt of labor is its disposition to question the moral right of the propertied classes to such a lion's share of the profits of industry—"No more cake," says the manifesto of the British Labor Party, *"until all have bread!"*

Another serious result of the disproportionate division of wealth and income is to be found in the grave problem of unemployment which in recurring waves or cycles characterizes modern industry. During and following the war, every manufacturer called loudly upon his workers for production. The press was full of appeals and criticisms all aimed at speeding up Labor to turn out more goods. Then suddenly the market broke and from three to five million workers were turned out into the streets. The manufacturers informed their employees that there was now "no work." The market was flooded with goods. Buyers would not take any more. There had occurred *a serious overproduction!* Such object lessons, which occur with such regularity that they can be charted, do not act as spurs to "increased production" on the part of the workers when once the market recovers and they get their jobs back again! Unemployment perhaps causes more suffering, more moral and mental discouragement and deterioration among industrial workers than any other cause. What are the thoughts of a man who *wants to work* with all his soul, who is without any income whatever to buy food for his children or keep a roof over their heads—but who *cannot get work* because there isn't any work to be had? He runs in debt. He becomes discouraged. His *ability to work* efficiently is impaired. The experience may so deeply sear his soul as to make him a "radical" for the rest of his life. He knows that his employer as a rule guards against the depreciation of his *machinery* by keeping it oiled and in repair during periods of depression. But few employers

appear to be equally concerned to guard against the serious depreciation which affects the well-being of their *men* during these trying times.

Unemployment insurance would at least provide a minimum against human depreciation and would also act as a brake upon the super-enthusiasm of employers to expand and produce during rising prices an amount of goods which ends in flooding the market and in precipitating the crash. The manufacturer would not, without more serious deliberation, take into his employ men to whom he would soon be obliged to pay part wages until the market recovered from its overproduction and his factory could again work full time. But unemployment insurance, employment agencies and even regularization of demand and elimination so far as possible of the seasonal factor in industry, would not eliminate overproduction and unemployment. *The fact is that overproduction is continuous and inevitable on account of the disproportionate division of income which we have noted.* Overproduction is only another word for *under-consumption.* The masses of the people, because of their limited wages, are not able to buy the amount of goods which, by the help of machinery, they are able to produce. Every worker (and the wage-earners represent 80 to 90 per cent. of the population) could wisely and properly spend on his family several times the amount of wages which he now receives. His actual consumption, however, is restricted by his income. On the other hand, wealthy people, try as they may, cannot spend upon necessities, even upon luxuries, all of their income. They cannot buy and use more than a dozen suits of clothes, five or six automobiles or three or four houses apiece. Thus because the rich are physically unable to consume more goods and because the poor are financially unable to consume more

goods, industry in capitalistic countries continues to produce more than the population can consume.

The result of this overproduction or under-consumption is not only inevitable periods of depression and unemployment *but also a great drive for foreign markets.* The frantic push for new markets naturally leads to competition with other nations for their own trade and also to international rivalry over the unexplored markets in undeveloped lands,—Africa, South America, China and all other parts of the globe. This fierce international competition for markets for goods which cannot be sold to home populations because of the low wages in each land is one of the major causes of war. The working people in a given country are asked periodically to fly at the throats of the working people in another country because neither of them are paid sufficient wages to consume at home the goods which they help to produce. Foreign markets must, therefore, be secured and international rivalries ensue. War follows. The roots of the Great War were deeply imbedded in these economic causes. J. A. Hobson[18] says: "And when the true history of the Great War has been rescued from the clutches of time-serving and patrioteering historians to be presented in its deeper origins, it will stand out as the culminating act in the clash of interests among the little economic groups which were in control of the political levers in their respective countries and were able to present their profitable needs under the guise of 'national defence.' These knots of powerful men were able to evoke and exploit the latent enthusiasm which the herd-instinct, operating under modern psychological conditions, presents as national ideals. Intended by nature for the preservation of the species, they were thus turned to its destruction." "In millions of minds today, to which Marx and the socialist

[18] J. A. Hobson's *Problems of a New World,* page 150 ff and 175 ff.

doctrines are quite unknown, the conviction that the war was in essence and in ultimate causation a capitalistic war is firmly planted. Trade routes, foreign markets, mining and railway concessions, coaling stations, access to and ownership of oil-wells, rubber plantations, tropical products and the labour to work them, colonies for profitable exploitation, and the financing of foreign loans—the conduct of foreign relations was more and more absorbed in these great business 'propositions.' The dangerous nature of this economic competition, in which Governments were backing their own nationals, was manifested in the huge and growing armaments trades, themselves the ripest and most flourishing fruit of modern capitalism. War preparations were current capitalism, just as war itself was the supreme act or exploit of capitalism. Western civilized nations and their statescraft have become increasingly conscious of their dependence upon distant lands containing the actual and potential supplies of food and raw materials. The chief secret driving force in the causation of the Great War was, as we now recognize, the demand for the control of countries which could supply these needs. If any doubt still lingered about the accuracy of this economic interpretation, the scramble of the victorious Allies for mandatory areas will suffice to dissipate it."

Thus at a bound we are out in the international arena where war and the rumors of war continue to distress the earth and threaten the extinction of the human race itself. The real causes of modern war are economic although sentiments of "national honor," and patriotism and the slogans of liberty, democracy and humanity are always used to obscure the real issues or to help win the war when it is once begun. The next danger that threatens is that capitalistic leaders, driven on by the same economic urges, will endeavor to use the race and color cleavage as their foil

further to deceive Western peoples and win from them the necessary "patriotic" support to establish by force economic supremacy and sure markets in the Near and Far East. We are already familiar with their preliminary propaganda against the Yellow Peril. Intelligent lovers of peace and honest believers in humanity must see with clear vision what are the real causes of war and then move toward peace, not merely by political methods but *by removing the causes of war, the chief of which are to be found deeply imbedded in industry.*

IV

EMPLOYEE REPRESENTATION AND INDUSTRIAL DEMOCRACY

The autocracy of the master and servant industrial relation of modern capitalism has been seen to be largely responsible for the inefficiency of modern labor—both in its servile and in its rebel reactions; for the unjust distribution of wealth and income with its complications of unemployment, international competition and the dangers of war and of revolution throughout the world. It would appear, therefore, that the relation of "master and servant" is not a scientific law for human relations in industry. As in the case of my friend's furnace, which blew him across the cellar, it seems reasonably clear that it isn't working right! The fear is not ill founded that some future explosion may wreck our entire civilization and bring all our modern institutions down about our heads in irreparable ruin.

With such observations before them, the only intelligent and scientific move which modern business men can make is to adopt some new hypothesis of industrial relations, some different theory of relativity, in intelligent experimentation with the purpose of discovering at last the law of industrial order. No doubt such a law will eventually emerge in the course of industrial evolution. The transition to a new order may be, however, as has been the case in the past, characterized by blood and tears *unless we are intelligent enough to make straight the paths for progress*

in a "revolution by consent." A growing consciousness of the facts has of late enormously stimulated public interest in the subject, and outstanding business men in this country and abroad as well as certain progressive labor unions have actually launched industrial experiments based upon new theories of industrial relations. These experiments invite scientific study and careful investigation on the part of all who are interested in human progress. The present volume is offered in the hope both of drawing attention to *the necessity of a new industrial relation* and also of throwing some light upon one of the most conspicuous present experiments in this field. Obviously, it is not possible in a single volume to cover the entire field of industrial experimentation in this country and abroad, to say nothing of purely theoretical proposals for industrial reform. The enormous amount of publicity given to the movement which has come to be known in America as "industrial democracy," or employee representation, together with the writer's practical experience with these plans, however, suggests the possible usefulness of the following chapters devoted to a detailed study of this subject.

The very intensity of the public's evident hope that "industrial democracy" may prove to be a peaceful and easy way out of the labor problem, together with the superficial general optimism of the press in regard to these plans of employee representation, point to the definite need of a more accurate, scientific approach, a more careful analysis of the real conditions under which these plans operate and of the actual results obtained than has yet been given to the subject.

Let us note, in the first place, that, as its very terminology implies, this new movement of "industrial democracy," or "employee representation," is in fact founded upon a new theory of industrial relations. It is a departure from

the prevailing principle of autocratic industrial management in which, as we have seen, the employee is not recognized by any representation whatever in industrial government. Industrial Democracy displaces the "master and servant" industrial relation with a new concept of industrial citizenship and of *representative government in industry.*

The "industrial democracy" movement in America owes its rise and growth to three specific causes,—labor troubles and the increasing pressure of the unions, the war, and an increasing application of religious teachings to industry.[1] Violent or continued labor troubles—the outcroppings of the rebel mind,—constant interference by the unions, strikes and bad blood, impelled some employers even before the war to take the first faltering steps toward the principles of *employee representation* in the management of industry. The war greatly increased the number of these plans partly by the scarcity of labor and the necessity to "do anything to keep them contented," and partly because of the policy adopted by the War Labor Board in establishing the principle of collective bargaining in the industries which came under its supervision. As many of these industries were unorganized and had no large labor unions, the War Labor Board set up in such cases shop councils to represent the employees in dealing with the management and in the adjustment of grievances in order to avoid strikes, lock-outs and discontent at a time when the nation was calling upon all of its industrial resources for national service. The idea of democracy, as we may recall, received considerable advertising during the war! It was a natural result that

[1] Mr. H. F. J. Porter established what seems to have been the first shop committee in America in 1903 at the Nernst Lamp Co., Pittsburgh. See his article in the August, 1905, issue of the *Engineering Magazine* entitled "The Higher Law in the Industrial World."

there should be an increasing discontent on the part of Labor at home with the principle of autocracy against which our bleeding armies marched across the sea. It was a natural result also that certain employers should be sincerely converted to a belief in the principle of democracy, so that there followed further plans and voluntary experiments in industrial democracy. Religion also has played a part. Many employers have become convinced that the autocratic principle is not compatible with their religious convictions. They believe that democracy itself springs from a religious conception—the belief that *all men are children of God.* Since no higher claim than this can, they feel, be imagined for any human being, there is born in their minds a passionate belief in the *divine rights of the common man* as over against the divine rights of Kings or classes. There followed, also inevitably, the ideal of the Brotherhood of Man. This religious passion for democracy in the minds of certain of the employing class has accounted for still further significant experiments in the field of industrial relations. It is important to bear in mind these three causes of the rise and growth of employee-representation, as they will be found to have a bearing upon the character and upon the actual operation of the various plans which have emerged.

A clear understanding of employee-representation in America demands, first of all, a more scientific classification and analysis of the various plans than has yet been made. There are "fifty-seven varieties" of industrial democracy in the thousand plants which are operating shop councils in the United States with probably as much variation of sweet and bitter as is to be found in the equally numerous varieties of the famous pickles. Various attempts at classification have been made. One business men's organization divided the plans according to "origin" and

labeled as "welfare" plans those which had begun with largely benefit features. Unfortunately for this method of classification, several of these plans have since developed into the most progressive and truly democratic experiments, and some of the sponsors of these plans objected to their classification under "welfare," pointing out that "origin" is not a satisfactory or scientific grouping for developed organisms—the fact being that we should all object to being classified now-a-days as "apes" although science may prove that species to have constituted our "origin"! Other writers have adopted substantially the same method as that of the National Industrial Conference Board which has conducted an extensive survey of these experiments. Its report on Works Councils in the United States[2] classifies the various types of plans as follows: "National War Labor Board Committee," "Bridgeport Plan," "Shipbuilding Labor Adjustment Board Committee," "Limited Plan," "Plan Based on 'Company Union,'" "Industrial Democracy" Plan, and "other plans introduced voluntarily by employers."[3] There seems to be no scientific classification here. Neither the fact that a plan was "born in Bridgeport" nor that it was first instituted by the National War Labor Board is necessarily of particular significance. The fact that a certain plan popularly installed by a particular industrial engineer is entitled the "Industrial Democracy" Plan reveals such a light and particular use of a decidedly weighty and general term as to suggest the trade name of a patent medicine which assumes the healing properties of the entire field of medicine. I do not mean to disparage the particular plan called by

[2] Experience with Works Councils in the United States—Research Report No. 50.

[3] There is a further division of plans in the introduction to the report into "The Industrial Democracy Type" and "The Committee Type."

this name. It has been installed by many sincere employers and has been useful within the limitations of all such plans which we shall point out. But for a presumably scientific body of manufacturers to adopt such terminology in a formal report is to reflect doubt upon the depth of thought which has been given to the entire subject.

Rather than to attempt a hard and fast grouping of the widely varying plans of employee representation and the labeling of each one after its kind, it will be found more helpful, I believe, to suggest a method of analysis which will enable the student of the subject to classify and evalue for himself any plan he may wish to investigate. The following analytical classification of plans for employee representation is, therefore, suggested, beginning with those of less importance and proceeding to those of more vital industrial significance.

The First Group would include all plans which delegate to the industrial committees or assemblies *advisory power* only. The plans which fall under this grouping are very numerous. Some of them are elaborately camouflaged with an appearance of more democratic power than they really offer to the worker. Complicated charts of some of these plans are published indicating to the eye the exact route along which any grievance may travel, back and forth between a maze of committees but always climbing higher until it winds up with the General Manager or the President of the Company. The Constitutions of plans in this group often in fine legal terminology expound the right of any employee to utilize the machinery of industrial democracy which will bring him at last into the presence of the Manager himself. The Constitution says he may "carry" his grievance at last to the highest official of the Company. There, however, the constitutional rights of

this type of "industrial democracy" suddenly terminate. "The President's decision," so says the Constitution, "shall be final." The worker has reached the old familiar stone wall. Thus far and no farther can he go.[4] I do not mean to imply that even this mild form of employee representation is of no value. It is of value in that it mitigates to some extent the possible petty tyranny of foremen and straw bosses. The mere knowledge that the Company officials have instituted a right of appeal over their decisions when the workers feel aggrieved tends to temper the decisions of some foremen and gang bosses. Fortunately, the brow-beating type of foremen is giving place in present day industry to humane, intelligent leadership. But probably all of us human beings are better off without too much absolute authority. The right of appeal to the manager through employee representation has a salutary effect upon industrial relations.

Even "advisory power" has also proved beneficial in enabling the workers to bring to the attention of the management many matters which are of vital concern to them.

There is, however, a considerable danger of arousing in

[4] The following extract from the Constitution of a large Electrical concern is quite typical of this class of plans: "Any matter arising shall, in the first instance, be referred by the employees affected, either personally, or with one of the representatives of his or her section, to the foreman of the work on which the employee is engaged. In case a decision is not promptly arrived at, it should be referred to the General Foreman, and in case the General Foreman fails to adjust the matter satisfactorily, it should be referred to the Joint Committee involved. Should the committee reach a unanimous decision, the matter may be regarded as terminated. In case it fails to do so, it should then put the matter in difference in writing, together with its recommendations, if any, and submit it in the form of a report *to the Manager for his action.*" (Italics mine).

Another concern with a similar plan was announced in the press as having instituted a "Court of Appeals" for the workers. Such a Court of Appeals is reminiscent of the feudalism of the Middle Ages when the serf had recourse only to a court presided over by his employer or his representative.

the workers' minds a suspicion of hypocrisy on the part of the Management in operation of plans in this first group. The more high-sounding the terminology used by the Company to describe its plan, the greater is this danger of an eventual "come back" on the part of the operatives. The National Industrial Conference Board describes one plan which would fall under this group as follows: "This type of Works Council follows the pattern of the United States Government and provides for a Cabinet, Senate, and House of Representatives. Where the Plan is in operation in its entirety, the Cabinet is composed of the higher officers of the plant, the Senate is made up of the foremen, and the House of Representatives consists of elected employee representatives." [5] Does this plan really "follow the pattern of the United States Government?" Even a superficial examination would reveal rather startling differences. The President of the United States and the members of the Senate as well as of the House of Representatives are *elected by the people of the United States.* But the President and his "Cabinet" and the "Senate" are all *appointed by the Company* in the "Industrial Democracy" type of Works Council, leaving *only one of the three bodies*—the House of Representatives—to consist of "elected employee representatives." The Company or owners hold the absolute power of two to one over any possible "democratic" initiative of the House of Representatives. The plan usually provides as well for absolute veto power in the hands of the President or Manager over any acts of the "House" or "Senate." The plan is, therefore, not so strikingly like "the United States Government" as it appears at first sight! It feels quite different to be a citizen under the one and under the other! Some employers have sensed the unwisdom of such inexact termi-

[5] Experience with Works Councils in the United States, p. 2.

nology in employee representation and have modified this type of plan in various ways even eliminating the veto power of the President and providing for arbitration. Such changes in this plan or in any other plans in the first group automatically remove them from the classification of plans having only "advisory power" and place them in the second group of which we shall now speak.

The Second Group of plans for employee representation *is characterized by provisions for arbitration* when men and management cannot agree. The veto power is no longer in the hands of the President. The workers now have not merely a right to talk to the Management and to inform the highest officials of their grievances,—they are granted also the right of appeal after due process of deliberation and argument to a third party whose decision shall be final. This provision is characteristic of the plans installed by the National War Labor Board. As I have said, some of the "House and Senate" plans have added this provision and a considerable number of "other plans voluntarily installed by employers" include the right of appeal over the absolute authority of the Manager or President to an impartial tribunal. The personnel of the arbitrators to be called in varies in different plans. The State Industrial Commission acts in one case. The War Labor Board (during its existence) was the court of appeals for a large number of plans. Others provide for an arbitration committee one of whom is selected by the workers, one by the Management and these two selecting a third member. In another plan, the joint committee, consisting half of workers' and half of owners' representatives, jointly select an additional member of their Board and the majority decision shall then be final and binding on all concerned. In such cases, a panel of possible arbitrators should be agreed upon in advance in order to avoid possible deadlock over

the selection of the arbitrator himself. In comparatively few cases has the arbitration provision been actually utilized by the workers but in practically all cases this provision stamps the plan as a real effort at democratic method and tends to make the workers feel that the Company is acting in good faith in the entire matter.[6]

[6] Good examples of this type of plan are revealed in the following quotations from Constitutions of two different plans which fall under this group: "The Board of Management was set up by the Board of Directors in July, 1919, as a result of a request from the Board of Operatives for more than the merely 'advisory' power which the Board of Operatives then enjoyed in reference to matters of mill management, wages, working conditions, etc. The Board of Management as revised by the Board of Directors in 1922, consists of twelve (12) members, six (6) to be elected annually by the Board of Directors at their organization meeting, and six to be elected by the Board of Operatives from among their number, the election taking place at the organization meeting of the newly elected Board of Operatives each year. The Board of Management is authorized to settle and adjust such matters of mill management as may arise, and shall meet upon the call of any two of its members. *In case a majority of the Board shall fail to agree upon any matter brought before it for determination, the Board shall thereupon appoint a thirteenth member and the decision of the majority of the Board so constituted shall be final.* According to the Constitution of the Board of Operatives (Article V., Section 3), any matter may be appealed, after going through its proper channels, to this Board of Management with its fifty-fifty representation of operatives and stockholders and with provision for final arbitration when necessary."

Another plan provides as follows:

"If the General Council is unable to reach an agreement as to any matter, it may, by mutual agreement of a majority of both the Employe Representatives and the Management Representatives, be submitted to arbitration.

"Article XV. Arbitration:

"1. Whenever the President and a majority of the Employe Representatives in the General Council, or the Works Council, as the case may be, have mutually agreed to submit a matter to arbitration, they shall proceed to select an impartial and disinterested arbitrator. If they cannot agree upon an arbitrator, then the Employe Representatives shall choose one such arbitrator and the President shall choose another, and if these two agree, their decision shall be final. If they do not agree, then they shall select

The Third Group of employee representation *is characterized by provision for representation for the workers on the Board of Directors of the Company.* All other committees, joint committees, assemblies and boards have purely *delegated* powers whatever those powers may be. The Board of Directors, however, derives directly from the stockholders the legal right to act as the final authority in managing the affairs of the Company. Only five concerns in the United States have, to our knowledge, thus far provided for one or more seats upon their Boards of Directors for representatives of the workers.[7]

The Fourth Group. The qualification necessary to admit a plan of employee representation to the Fourth and final group is that of a *democratic attitude towards labor unions.* This is the final acid test of the amount of democracy in "industrial democracy." We do not mean to imply that a given Company must necessarily actually operate under union agreement in order to believe sincerely in industrial democracy, and to classify in this fourth and highest group of plans for employee representation. It may be that there has never been any attempt or appreciable desire on the part of its employes for unionization in the Company in question. It may be also that some employers who are honest and sincere in their belief in the democratic principle for industry, frankly do not believe that localized factory "employee representation" would mix with unionism because of the psychology of the latter and because of its

and call in a third arbitrator, and a decision of a majority of these three shall be final.

"2. The arbitrator or arbitrators shall be furnished all the information and testimony they deem necessary regarding the matter in arbitration."

[7] These are: Filene's Department Store, Boston; Dutchess Bleachery, Inc., Wappingers Falls, N. Y.; Rockland Finishing Co., Garnerville, N. Y.; Proctor and Gambel, Cincinnati, Ohio; and the American Cast Iron Pipe Co., Birmingham, Ala.

highly federalized control. In such cases, an employer may pass this fourth acid test of industrial democracy without actually having unions in his plant. But no Company, in our judgment, can pass this final test of sincere industrial democracy without *a willingness to recognize the union if the workers request it.* This statement is made because it is on the face of it a contradiction in terms to speak seriously of "industrial democracy" but to restrict such "democracy" to a particular type selected entirely by the employers. It will pay us to devote some space at this point to a consideration of this phase of employee representation as it has a strong bearing upon an intelligent appraisal of the entire movement.

A special inquiry into the attitude of the leading exponents of employee representation toward the union has revealed a reticence on the part of some of the more famous companies and individuals who refrain from replying to any direct questions in regard to the subject. Others have answered evasively saying that their attitude toward a request from their operatives for union recognition "would depend upon the circumstances at the time." An investigator who was connected with a wide survey of the factories of the United States to ascertain the total number of Works Councils in the country stated that quite a number of companies had Works Councils "but did not want it to become publicly known." "I am very glad to state," said an official in another concern, "that we are not troubled in the least with trade organizations or employees interested in unions." The large majority of concerns with employee representation plans operate what they term "open shops" in which they state that there is "no discrimination against members of trade unions." The writer visited such a factory, and, in course of conversation, asked the workingman who was President of the Works Council,

in the presence of the Assistant Employment Manager, whether he himself was a member of a union. The President of the Works Council appeared considerably embarrassed and replied, "Sometimes I am and sometimes I'm not." The subject seemed to be a little delicate and we passed on to further discussion of "industrial democracy." Later I questioned the Assistant Employment Manager again in regard to the matter and asked what "no discrimination" meant. She informed me that the mere fact that a man held a union card did not bar him from employment but that, of course, they refused employment to "agitators." "What is an agitator?" I asked. "Why, a man who has made trouble in other plants. We get lines on them through the industrial detective service to which we subscribe," she replied. "What is the difference between a labor union leader and an agitator?" I asked. She admitted that if there were any difference, it was perhaps a delicate distinction. If the type of men who, judged by their past records, are apt to try to organize their fellow workers and make a union function, are denied employment under "industrial democracy,"—can there be said to be "no discrimination against organized labor" in that shop?

Perhaps the more common type of concerns operating Works Councils are those where detective services are not so commonly resorted to. These companies are sincere in their statements that "We positively do not discriminate in any way against membership in any trade unions by our employees and do not concern ourselves with this subject even to the extent of questioning a prospective applicant." This group of companies also state in their Constitutions and By-Laws, or by letter when questioned that "On the other hand, we do not have contracts with labor unions. We operate strictly as an open-shop concern." "All

our plants have always been conducted on the open-shop principle—and, as our management declares, always will be." [8]

As a matter of scientific analysis, are not all of the "open-shop" industrial democracy plants, whether or not they refuse employment to union leaders, in reality "discriminating" against the union? They may be sincere in their willingness to have men with union cards in their employ. No discrimination may be exercised against individual members of unions *until they attempt to function as union men* and ask to deal *collectively as a union* with the Company. But they are then informed that "this is an open shop." The Company flatly refuses to deal with them *as a union.* Now a union is not organized to conduct pink teas. It is organized in order to deal collectively as a union with the employer. That is its sole purpose. It has no other reason for existence. It is, therefore, difficult to see how one can escape the conclusion that *Organized Labor is in reality discriminated against by all "open shops"* which refuse to recognize and deal with the union as such. Does not that very refusal constitute discrimination and stamp the concern as an anti-union shop?

A large majority of concerns with employee representation plans would classify as "open shops." One authority estimates that ninety-five per cent. of them are open shop concerns.[9] Add to this the fact that many shop councils have been inaugurated under suspicious circumstances, that is, during an organizing campaign by the unions, or imme-

[8] Above statements made by official of large corporation conspicuous for its employee representation, and typical of attitude of scores of companies in the matter.

[9] National Industrial Conference Board in reply to query Dec. 1, 1922, states: "Although we have no data which would enable us to give you a complete and accurate answer to your question, we believe we are safe in saying that over 95% of the plants which have Works Councils operate on the Open Shop principle."

diately after the Company had defeated a strike, and it becomes easy to see why Organized Labor so generally looks upon "industrial democracy" as a move by employers to undermine independent labor organizations and to substitute in their shops tame, hand-fed, easily controlled "company unions."

While the per cent. of companies operating Works Councils of some kind and having no dealing with unions is no doubt very high, there is a considerable number of companies where the question of unionism has not been raised. By no means all of those having no unions would refuse union recognition if a majority of their employees should request it. A very considerable number have installed plans out of sincere good-will without any reference to the union problem. They happen to have been in largely unskilled and hitherto unorganized industries. A number of replies to my inquiries addressed to a selected list of the most prominent companies with shop committees brought out the fact that there is a group of employers who take with sufficient seriousness the conception of democracy in industry so that they would be willing to recognize and to deal with unions "if a majority of our employees" should request it. This begins to clear the air and tends to dissipate the thick clouds of suspicion under which the entire movement of "industrial democracy" has lain in Labor circles.

Finally there are some companies operating employee representation which actually deal with the unions, not only through the employee representation committees, but separately when the unions so desire, even when such unions do not represent a majority of their employees but do represent a majority in certain departments or trades. "As you assumed," writes an official in one of the most successful plans, "certain of our employees are members

of organized labor unions and we recognize them and deal with them separately when they wish, as you say that you do. We have always felt that a Works Committee should not in any way interfere with the development of trade unions, and our attitude is governed by this policy."[10] To the writer's knowledge, there are a number of concerns whose outspoken policy is identical with the above statement. In such cases, the union has entered into the employee representation plans in a good spirit of coöperation, with constructive good-will and assistance. The wider knowledge of these union workmen and their keener interest in industrial problems together with their more independent judgment have been of signal service in the functioning and upbuilding of at least one plan with which the writer is intimately familiar.

By means, then, of the above analytical grouping, the student should be able to classify for himself the widely varying plans of employee representation and to locate them in the scale of industrial democracy according to the amount of democracy which they contain.

While probably no one plan will work with equal success in every factory and modifications and adjustments will be necessary to meet such local conditions as the level of education among the workers, the attitude of the management, mixture of races,[11] proportion of the sexes and other variables, it is still true that there are certain general observations regarding the successful operation of any

[10] The President of this Company was once informed by the watchman that labor agitators, like the Philistines, were "at the gates" endeavoring to unionize his employees, but instead of calling for the police, the President of this Company gave orders to allow the union agitators to stand at the gates and speak freely to his employees as they went in and out.

[11] In a mill where many nationalities were employed, it would be necessary to train a staff of trusted interpreters to explain the Plan and see that it functioned.

plan which should be brought out before we proceed to a consideration of the more technical problems of operation. It cannot be too strongly emphasized that the cardinal requirement to success in employee representation is *reality*—sincerity in motive, and a degree of power by which real things may be accomplished. The Company may be sincere but it is hard to convince the worker of that fact if, after elaborate setting up of machinery and talk of industrial democracy, the worker finds that his real interests of hours, wages and working conditions have been excluded from subjects to be dealt with under the plan or, if included, that they are to be finally settled after their journey through the committees by the Management "the same as ever." This cardinal requirement of reality in the Plan and the comparative reactions obtained by the granting of more power to the workers' representatives are of such vital significance as to warrant at this point an illustration taken from actual experience.

After about eight months' operation under a form of employee representation which would fall under the first group of plans with "advisory" power only with reference to matters of mill management, the Board of Operatives, or Workman's Committee in a mill, which has since become widely known for its plan, were very much discouraged and perplexed over the *lack of response on the part of most of the employees. Many took the plan as a joke. A majority were tolerant enough but perfectly indifferent. They offered no opposition. Neither did they take any real interest.* The Board of Operatives, after discussion lasting late into the night, came to the unanimous conclusion that the employees' lack of response to the plan was chiefly due to the limited "advisory" powers granted to the workers on the subjects which most vitally concerned them in their daily work and life! "When you

bring up a *real* issue that counts, you can 'advise' until you're blue in the face but nothing happens." The Board, therefore, submitted to the Company a set of resolutions citing satisfactory progress in matters of Recreation and in Housing but describing the *general indifference of the employees to the plan,* giving the Board's analysis of the situation and asking for further power which would include wages, hours and working conditions in the scope of matters to be handled and for an "arbitration" provision in case of deadlock in the new proposed Joint Committee. This request was rather a shock to the Company. They felt at first that matters were progressing too fast—that only after a few years would the workers be ready for further responsibilities and more power. Conferences and discussions followed during which the Company officials became convinced that the workers had correctly analyzed the situation and that the best way to educate the worker for further responsibility is to give it to him. Responsibility itself is the best educator. With rare liberal-mindedness and breadth of understanding, the Company finally responded with a grant of more power than the Board of Operatives had requested and the "Board of Management" was set up. This new Board was to consist one-half of representatives of the workers elected by and from the Board of Operatives (in turn elected by and from the employees), and one-half of representatives of the stockholders and management. This new Board was given authority *"to settle and adjust any matters of mill management that may arise"* by majority vote and with provision for arbitration when, and if, a deadlock should occur on the Board. We shall quote some of the activities of this Board in following chapters. At this point we wish merely to illustrate *the effect of granting more power in a plan of employee representation.* Neighboring news-

papers featured the industrial innovation at the Company referred to with headlines on the front page. Magazines began to write up the plan. Investigators and reporters appeared. The workers in the mill sat up and took notice. A number of serious matters which had been undermining the morale of the mill, spreading like suppressed poison underneath the surface because they had no outlet, now came to the surface, were sent up by the Board of Operatives to the Board of Management and finally settled to the satisfaction of all. A new spirit immediately resulted—a feeling of reality in "industrial democracy," a confidence in the plan and in the sincerity of the Company, a contentment which had not before existed in the mill and which has since been responsible for notable results in operation.

In the hour of exultation, at the height of rejoicing on the part of the Board of Operatives over this achievement in industrial democracy, an official of the Board was forcibly brought back to earth and reminded that what counts in the long run is the accomplishment, under any form of government, of concrete detail affecting intimately the life and vital interests of *every individual.* "Say," said an irate tenant in a Company house, shaking a newspaper under the official's nose, "I see by the paper that you are accomplishing great things in industrial democracy—*but my pump ain't fixed yet!*" And the entire force of the new democratic control was focussed immediately upon the repair of that pump!

In the second place, *the spirit of the Company officials is of equal importance with the reality of the plan itself.* A plan may fall in the second, third, or fourth group and contain a real degree of democracy in the possible operation of its more liberal machinery, *but however progressive the plan itself may be, it is possible for an unsympathetic*

management effectually to emasculate the vitality of its actual operation. In one mill in the South, a rather progressive plan was installed and the workmen's committee granted considerable power but the manager conceived the simple device of calling into his private office the members of the committee *one at a time* before each meeting and talking with them about the subjects to come before their committee. This "industrial democracy" body then met in official session and the results were without exception "satisfactory" to the management. In another mill town whose owners live far away, the industrial democracy constitution called for "no discrimination" against union men but the management was, nevertheless, driving out of town and off of Company land by use of its Company police, any union agents who came to town even to communicate with their members. In other mills to my knowledge the management has arranged upon occasion so that it has been impossible for visiting stockholders of the Company who were sincerely interested in "industrial democracy" to see or talk with those representatives of the workers who might have enlightened them considerably as to the degree of democracy which existed under employee representation plans which were reported by the management as "working satisfactorily." The "reasonableness of the workers" in reducing their own wages under these industrial democracy plans has been much advertised. In many instances, it has been truly "reasonable" action on the part of the Works Committees. Other cases point to one of the most serious limitations of the entire system of employee representation to which we shall refer later. At this point it is interesting to note the real facts of undue influence by the management in one of the most advertised cases where the workers have voted to reduce their own wages. In the case referred to, the proposal of a wage reduction came up

before the Workmen's Committee and was acted upon *adversely*. The management of the Company thereupon personally circulated a petition among the workers and induced them to sign their names. This document "petitioned" the Company for a general reduction in pay. The newspapers and the Company itself have advertised this petition as a great achievement in industrial democracy, failing to mention, however, that the superintendent and officials of the Company themselves and in person "suggested" to each worker the "reasonableness" of signing up! Such an instance is perhaps more technically an illustration of industrial hypocrisy than a shining example of industrial democracy.

As a result of personal observation, the writer feels safe in stating that employee representation has truly functioned *to the degree in which the Company officials have sincerely believed in the principle, and to the degree in which real power has been delegated to the workers under the plan.* Interest is taken in a Committee in proportion to the importance of the work it has to do. Many Committees fail because they are not given enough to do. The most advanced plans—those falling under the second, third and fourth groups—have obtained the best results, have produced the most healthy morale and obtained the highest degree of good-will and coöperation from the workers.

A natural question will be raised at this point by many who have not seen these more progressive plans at work. Have the workers sufficient education to make it safe to grant them a real voice in industrial management? Is it not dangerous to admit to membership upon boards of directors and boards of management men who are not versed in the larger problems of business and manufacturing?

In reply to this question, it must be admitted at once that the rank and file of workers in an average factory are

not now qualified to pass upon such matters and that it would ordinarily be disastrous to a business to turn its management over to a committee entirely composed of elected representatives of the workers.[12] It is a very different matter, however, to admit representatives of the workers to a *joint-council* of workers, management and owners and to delegate power of decision over important matters to such a joint-council. Experience with the most progressive plans of this type has revealed no disposition on the part of the workers' representatives unduly to influence decisions of joint boards or boards of directors upon matters concerning which the workers are not qualified by business experience to pass intelligent judgment. *The workers' representatives have exhibited a marked disposition to accept the judgment and to follow the lead of the management and of the other directors.* This has been distinctly true even in a company where four out of eleven of the members of the boards of directors are representatives of the workers and in another plant where an equal number of workers share with the owners' representatives the authority of management over the mill. In fact the principal criticism of the workers' representatives on such high councils has been their diffdence and their unwillingness to speak out in meeting and express their views. In the experience of the most progressive and the most successful of these plans for employee representation, there have proved to be no grounds for fear from the danger of ignorance on the part of the workers when entrusted with a joint share in responsibilities of management. The "ignorance of Labor" or workers' lack of understanding of important economic facts may indeed

[12] This is not to disparage the increasing number of banking, manufacturing and coöperative enterprises which are being initiated and efficiently managed by Labor.

prove to be a dangerous menace to industry and to society *if Labor is opposed, suppressed, kept in the dark, and handled by force until the inevitable rebellion ensues.* Ignorance and the rebel mind form a combination big with possibilities for destruction. But lack of business or general education on the part of the workers has proved harmless *when the workers have been freely admitted to joint industrial councils* and allowed to obtain the facts upon which they could base intelligent decisions. Placed in such new industrial relations, the rebel gives place to the industrial citizen who shows himself ready to coöperate, and willing to accept in joint council the leadership of those whose business knowledge, personal integrity and sincere goodwill he has reason to believe in and to trust. Moreover, important constructive suggestions, particularly with regard to matters directly affecting the workers' interests, attitudes, and problems, have been made by these workers' representatives, often saving the Company from making serious mistakes in policy and securing for the management sound guidance in all matters directly affecting the working force, —guidance which comes *directly from the people themselves* in a real approach to the practice of representative government in industry.

V

THE TECHNIQUE OF EMPLOYEE REPRESENTATION

Considerable stress is laid by what literature we have on the subject of employee representation upon the importance of the method of starting a plan. The National Industrial Conference Board, after a comprehensive survey of the entire field, says,[1] "One of the points most frequently stressed by employers in their reports was that of 'selling' the idea of employee representation to the employees before attempting to install it in the plant. It has been found that the worker is inclined to be suspicious of any innovation suggested by the management. Even tho it seems to be greatly to his benefit he is constantly looking for the 'joker in the pack.'" One manufacturer is quoted as saying, "Employees are never keen for benefits offered by the management. They distrust them. They are constantly on the alert to discover what the Company is getting out of it." What a commentary upon prevailing industrial relations! "'Tis true, 'tis pity, and pity 'tis, 'tis true." But the facts should be faced. The general existence of suspicion must be borne in mind. But that is no reason for camouflage or misrepresentation. Such statements as "the installation of a plan must not be at the suggestion of the management" and "the request must come from the employees themselves," are misleading as to the actual facts. Aside from plans instituted by the War

[1] Experience with Works Councils in the United States, page 150.

Labor Board and the Shipbuilding Board, it is safe to say that probably all of the plans for employee representation were initiated by the management or owners. It has been a movement "from the top" down. That is no reason to be ashamed of it. Many companies have been wise and frank enough openly to state that the plan is the management's proposal to its employees, but to leave the study and suggestions as to type of plan to be adopted to the employees themselves or to joint committees of workers and management. There is no doubt that this method will bring the best results. A carefully planned attempt should be made to explain the idea thoroughly to every worker in the Company's employ. Frank, open dealing and full information together with the assistance of tentative committees of the employees themselves and final vote of approval by the entire body of employees will give the plan its best start.

If any ulterior motives exist, however, the flavor will not last! The Manager of Industrial Relations of a large concern in the East, which has had serious trouble with the unions, told the writer that his Company had decided to run an open shop, had recently defeated the unions in a big strike and that an employee representation plan was now being installed with enormous prospects of success. "It is going to be the most democratically instituted of all the plans I ever heard of," he said. "The men are meeting in committees and conferences and absolutely working the thing out for themselves. We give them literature describing other plans but we absolutely wait for suggestions from the men themselves even if nobody in the meeting says a word for half an hour." His method of installation was good, but what will be the final effect upon the minds of men who are told that they are establishing a "record for democracy in industry," and that they can have anything

they want—so long as they want what the company wants them to want!

The prime essentials for starting a plan right are sincerity on the part of the management, proper educational publicity, and participation of employees in formulation of the plan. Given these factors, there will be found no great difficulty in starting a plan. The working people may not be wildly enthusiastic at the start, but they are ordinarily "willing to try anything once" and are not over-critical so long as the plan appears to offer them nothing less than they now enjoy. Above all else, manufacturers will do well to remember the established principle of salesmanship when they desire to "sell" industrial democracy to their workers. *The quality of an article is the chief factor in its successful sale. If it is the real article, it will tend to sell itself.*

The problem of the best *time* to start a plan is a more important question. Are the conditions for its early development best on a rising market, with labor shortage, increasing wage rates, labor unrest, or during deflation, industrial depression and unemployment? In reply to this question it may be said that it would appear to be too great a strain to put upon workers' representation to plunge it at once into the unpleasant business of reducing wages on a falling market. Such activity while admittedly easing the difficulty of this task for the company is not conducive to popularity among the workers. The plan being new would be less apt to be of real assistance to the workers in possibly mitigating the severity of a cut. It would be apt to get off to a bad start. On the other hand too easy gains on a sharply rising market may give a false sense to the workers of the permanent possibilities of the plan. Nevertheless this is preferable as the installation of a plan at a time when it is possible to show appreciable gains for

the workers will establish the plan upon a sound basis of confidence and mark it with a prestige which will stand it in good stead in later times of trial. "We didn't think the Company really meant business," said the workers in a plan widely known for its profit-sharing, "until they paid us *the big bonus*—then we knew that they *must* mean business!"

It should be said also that it is a handicap to a plan to be installed in a mill which is badly run down, disorganized and demoralized by inefficient management. A plan at its start should be given at least a fair show. Bad management is a severe handicap to employee representation at all times. The good effect of gaining needed improvements may be almost wholly off-set by irritating and unreasonable delay or stupid mistakes in installation. It is a great handicap to the success of a plan to install it in an almost hopelessly run down factory. The conditions for starting a plan are therefore most favorable on a normal or rising market and under fairly normal management conditions in the mill.

The mere machinery of "industrial democracy," the rules and regulations governing questions of age, education and citizenship, eligibility to hold office on works councils, terms of office, methods of nomination and election, "districting" of a plant by craft or geographical units, size of constituencies, eligibility to vote, time and place of meetings, referendum and recall, the keeping of minutes, records, etc., will not be taken up here in detail. Mr. William L. Stoddard,[2] and the National Industrial Conference Board[3] have both published valuable and suggestive material dealing with these matters. The matter of rota-

[2] *The Shop Committee,* by W. L. Stoddard, published by Macmillan.

[3] Experience with Works Councils in the United States.

tion in office is important enough to call for special mention. The educational effect of serving on these councils is so beneficial and valuable that it should be spread out as rapidly as is consistent with efficiency. A rule prohibiting any employee representative from serving more than one or two terms in succession will have the desired effect. Elections can be staggered so as to avoid the possibility of an entirely new Board going into office at one time. A few representative plans should be obtained by request from Companies which publish Handbooks or descriptive literature of their plans.[4] But the details in regard to these matters are best decided upon by the local works councils themselves. The worker's judgment will be found sound and just and thoroughly capable of determining these questions which will appear in varying lights according to the local conditions in each plant.

It may be said in passing also that it is a matter of universal testimony that the character of employee representatives in general elected by the workers has been of the highest order.[5] It is also interesting to note that more interest is taken in the elections and a more careful choice of candidates is made on those occasions when the candidate, if successful, is to assume a place of real responsibility in a liberal system of employee representation. The writer has seen the irrepressible instinct for a factory joke

[4] Such handbooks are published by many concerns. Among them are: Dennison Mfg. Co., Framingham, Mass.; Filene's Dept. Store, Boston, Mass.; Dutchess Bleachery, Inc., Wappingers Falls, N. Y.; International Harvester Co., Chicago, Ill.; Colorado Fuel & Iron Co., Pueblo, Colo.; Sprague Electric Works, Bloomfield, N. J., and Loyal Legion of Loggers & Lumbermen, Portland, Oregon.

[5] Provision for posting in advance of nominations the names of those who signify their desire to run for office is a wise method to assure intelligent nominations. Without such provision the writer has seen several instances of unintelligent nominations of two candidates, neither of whom would have been the considered choice of the department.

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enter into elections for very minor office positions which "didn't count anyway" and occasionally into nominations but never into an election for a place which was felt to mean something. When an operative was questioned by an investigator as to the reason why a certain man had been nominated for election in his department, the reply was, "Well, the Board of Operatives is getting a good deal of responsibility now, has to manage the houses and other things ——— owns a house of his own and once served on the Village Board of Trustees, and we think he ought to make a good man for the place." Even the chronic kicker makes a good man on the council. His persistence gets some things done which ought to be done. But best of all is the effect upon himself. He learns facts which alter his views. He finds out how it feels to be criticized himself by his constituents. After a few months in office as representative of a large department, a certain Notorious Chronic Kicker observed to the writer with a sob in his voice that the men in his department were the most ungrateful bunch of knockers he had ever seen assembled under one roof. "Here I am," he said, "working my head off for them but I don't get any thanks—all they do now is to criticise ME!"[6] There is probably rejoicing in Heaven when a chronic kicker is elected as a worker's representative. It is certainly good for his soul!

[6] When this man became a candidate for a second term, one of his constituents told me that his reëlection would be an assured fact. He gave two reasons—first, because the man had really done good work and, second, because his fellow workers enjoyed so keenly holding him accountable for anything and everything that went wrong that they would not for a moment think of allowing him to slip out of public office where it was easy for them so effectively to administer to him such large doses of his own medicine!

FOREMEN AS REPRESENTATIVES

There are several problems connected with the technique of employee representations which have so important a bearing upon its successful operation as to justify our consideration here in greater detail. In the first place, there is the question of whether foremen or assistant foremen should be eligible for election upon committees to represent the workers. This question would seem at first sight to answer itself in the negative, and many plans exclude from membership in Works Councils, foremen and all others holding positions of supervision, especially those having the power of hiring and discharge. There is much to be said in favor of this policy. Foremen are essentially part of the management, acting as its direct representatives in the various departments. It is not logical for them to serve on committees supposed to represent the workers. In certain cases, the election of a foreman may subvert the entire usefulness of the Works Committee for that department at least. An operative in such a department who could not get a grievance adjusted by the man in question acting in his capacity of foreman, would hardly go on appeal to the same individual acting as a worker's representative in an endeavor to get justice on the same count! He could not appeal "from Cæsar drunk to Cæsar sober" for the foreman exhibits pretty much the same psychology as foreman and as committeeman *whenever the case touches his own department.* I have also seen foremen placed in highly embarrassing situations when their relations as workers' representatives inclined them in one direction on some important issue and their loyalty and obedience to the manager required them to adopt quite the opposite point of view. Such a situation tends to develop either disloyalty to the management on the part of the foreman or

else his failure adequately to represent the workers in his department.

It is not to be laid down, however, as a hard and fast rule, that foremen should not be eligible to election to Works Councils to represent the workers in their departments. There are certain circumstances under which it has proved beneficial to the healthy functioning of the plan to have foremen elected as workers' representatives. This has been particularly true in the early stages of new plans, especially in wholly unorganized industries where the foremen, because of their quicker grasp of the plan, because of the greater force of their personalities, because of the quality of self-assertiveness (which has made them foremen), have dared to take up in Committee matters of real interest to all but which the workers would not have had the initiative to suggest owing to their mental background of industrial servility. Also some small units of a mill which ought to be represented may lack the personnel for an employee representative unless the foreman or his assistant is chosen. It has been the experience in some mills also that foremen have appreciated as much as their workers, the new privilege of making their voices heard in regard to matters vitally affecting their departments. Employee representation has constituted a channel for them to express opinions and initiate changes with most beneficial results, whereas under the old "line" or "staff" organization their personalities are also often to a large degree suppressed by the autocracy of the hierarchy in which they are only the junior, non-commissioned officers, and have to "take their orders like the rest."

In all cases where foremen are eligible to represent the workers, however, checks should be provided so that the situation can respond to a growing interest and intelligence and independent thought on the part of all operatives.

Provision for amendment to the Constitution by initiative and referendum by all workers should be made in all plans. It is quite possible that with foremen eligible for election, the feeling of "noblesse oblige" may be so strong that any foreman could get the election at any time by going out after it.[7] A very clever piece of electoral machinery was devised by Mr. Arthur R. Thomas, at that time Executive Secretary of the Workman's Board in a Southern Cotton Mill, to remedy a situation where six out of eleven members of the Board were foremen. There appeared to be general, though largely unexpressed, discontent on the part of the operatives over the situation but a natural courtesy to the "overseer" resulted in the election of a majority of foremen to represent the workers on their Board. The By-Laws were revised by the Board itself and provided that thereafter *nominations should be by departments,* each department nominating two men for each vacancy, *but elections should be by general vote of the entire mill.* The workers in any room could thereafter compliment the foreman and avoid any possibility of his "getting sore" by nominating him as *one* of their two candidates and if he was defeated in the election which followed, the onus of his defeat would fall upon the electorate scattered throughout the entire mill and could not be felt as a "personal" matter in the foreman's own department. In the first election after this amendment became effective, the general vote of the mill resulted in defeating all but one of the six foremen

[7] The War Labor Board provided in some cases for the holding of elections in halls outside of company property so as to insure elections uninfluenced in any way by the management. In other cases, elections were held in the plants but under government supervision. Some concerns now require the management and foremen to absent themselves from the room during elections. Others take no precautions in the matter. In the latter cases, at least, there can be no question that it would be quite easy for the management and foremen "unofficially" to influence the elections if they so desired.

and thus in completely changing the complexion of the Board. In fairness to the foremen concerned, it must be said, nevertheless, that their elimination was a real loss to the Board on which they had acted fairly and efficiently.[8] *The incident, however, throws a flood of light upon what the real sentiments and wishes of a body of operatives may be,* although electoral rules and traditional attitudes may result in elections of men whom they would not otherwise freely choose to represent them.

In drafting any plan for a Shop Council, it is a decided mistake to leave the foremen out altogether. It is a truism to declare that the foremen are "key men." But like other truisms, it is nevertheless true! The foremen are indispensably important units in the efficiency of the mill. They should be recognized in employee representation. Inasmuch as foremen are essentially "management," however, they should ordinarily be seated in the Councils as representatives of the management, not as representatives of the workers.[9]

FORM OF COMMITTEES

Of ranking importance in the technique of employee representation is the question of whether the committees, assemblies, councils or boards which are set up should all

[8] Another plan votes all foremen and clerical help in a unit, giving them one representative on the Workman's Committee.

[9] Separate Foremen's Councils, advisory to the Manager, and dealing with the more technical problems of process and operation offer great possibilities for increased efficiency. One Foremen's Council of this nature submitted at the Manager's request, written suggestions for improving the organization of the mill which the officials of the Company declared to be worth thousands of dollars and to make unnecessary the engagement of any outside industrial engineer to reorganize the plant. Too often the autocracy of a Manager fails to draw out the ideas of his foreman. Industrial democracy might well begin with a more democratic relation between the Management and the foremen in many mills.

be joint committees representing both "Management and Men" or whether certain committees should be entirely composed of workmen. The joint-council is the prevailing type. The great majority of plans seem to provide only for such committees, composed usually of equal numbers of workers and of representatives of the Company. A few provide for the withdrawal for private conference of the workers' representatives when they so desire. In many other plans where separate committees or "Houses" are instituted for the workers' representatives, provision is made for a representative of the management to be present at each of the workers' meetings, or, where constitutional provision is not so made *it has become customary in actual practice*, at least when matters of any importance are being considered.

The writer has had opportunity to observe closely the psychology of both types of committee meetings. The joint committee meeting is obviously indispensable as a means of promoting understanding and mutual enlightenment. "When the rich and poor *meet together,* the Lord enlighteneth the eyes of them both." When both come in a spirit of fairness and open-mindedness, both learn something they did not know before, learn facts which eliminate ignorant prejudices formerly held on both sides. Workers and management in joint conference gain a new respect for and understanding of each other as human beings. Common policies evolve which are understood and consented to by both parties. It should be said here that not only should the workers' representatives come with power to these joint councils but that the management representatives should also be authorized to come to real decisions in and during these meetings. A personal delegation of the principal stockholders, holding a voting majority of the stock, or those absolutely empowered by such stockholders to repre-

sent them in final decisions (as well as the local manager), should sit upon these joint councils. The best results can be obtained only in this way. The edge is taken off of industrial democracy if the joint board, the highest tribunal of employee representation is able to pass upon important matters only "tentatively," and "pending hearing from New York" after the manager reports its recommendations to the real source of power. Neither can there be any meeting of the minds unless the stockholder representatives actually attend the meetings of the joint council. A worker's representative recently very properly protested because a principal stockholder absented himself from a meeting but sent word up how he felt about an important matter. He did not give the other side a chance to be heard before reaching his decision. Only when the real source of power for Capital actually meets with representatives of the workers on the highest councils or general committees, will the round table principle have a chance to do its perfect work.

There is, however, a serious limitation to the efficacy of all joint boards—a limitation which increases, rather than diminishes, if the representatives of Capital on the board are, as they should be, representative of the real ownership and highest management of the concern. Such joint meetings are highly educational to the workers, and give them light upon a multitude of subjects, business problems, economic facts, commercial risks and other matters concerning which most workers are in the dark—*a darkness which accounts for many unfair judgments of the Company.* The representatives of Capital at such joint-meetings would also be equally enlightened upon a whole set of other matters having to do with their own business and with the lives of their workers *if the workers' representatives would talk!* If the workmen would say in these meetings the things that they say out of meeting—if they were able to express in

meeting the things that they *think* out of meeting—I would guarantee to Capital's representatives a more liberal education in industrial relations and in every-day worker's economics than they can gain from all the schools or from reading all the learned works upon the subject, including the present volume! It is very difficult, however, to get a word out of most of them. Even under the most liberal of plans and with a rare spirit of real democracy in Capital's representatives, with the exception of a few occasions which were highly critical to their interests, the workers' representatives with the exception of one here and there, have "spoken out" but little and joined with real vigor in the discussions only occasionally. In cases where the spirit of the management is right, this noticeable fact is not due, to be sure, entirely to shyness or timidity but has a relation to the subjects which are ordinarily under discussion in such joint-management meetings. Workers' representatives will not for some time join vigorously in discussions of sales-policies and other technical matters of management because they are not informed upon these problems. On the other hand, not all of their silence is due to lack of information on the subjects before the meeting. And in the ordinary run of companies with employee representation plans, the reticence of workers' representatives in the joint councils is attributable distinctly to their mental attitude in the presence of those who hold final power in the company.[10]

It is vitally important, therefore, to any truly successful plan of employee representation, that there should be set up not only joint committees *but also elected committees or boards composed entirely of workers.* These straight

[10] In one instance where worker representatives were uniformly silent in the joint council, they were found to be convening in an after-meeting by themselves in the watchman's office—in a sort of "Kitchen Cabinet" where talk flowed freely enough.

workmen's committees, boards, or assemblies, may be in the form of lower tribunals without final authority upon the more important matters but having the right of appeal even over a decision of the manager to the higher joint board on which representatives of both parties are seated. The straight workmen's committees perform a vitally useful function. In their meetings, the workers feel at home and at ease and do in fact *express their real opinions*.[11] No plan of employee representation will clean out the industrial system of a plant and free it from hidden discontent unless provision is made for this full, frank, vital expression of their real opinions on the part of the workers. Many matters will be satisfactorily settled by the mere speaking out in meeting about them. We all feel better if we can only say it! But if the matter is really serious, it will, after due consideration by the workmen's committee, be sent up to the higher joint board for action. If it is not serious, it has been the experience with these workmen's committees that the matter is dropped. The psychology of these meetings is different from that of the meetings with the management. The atmosphere changes the moment the "Manager's Representative" enters the room by invitation or otherwise! Gentlemen who had been advancing

[11] It would be interesting also to see a convention or conference made up solely of worker-representatives from all of the thousand companies said to be operating works councils. The only conferences which have been held thus far have been made up of "one representative of the management and one representative of the workers" from each plant. But the worker-representative has arrived in most cases so patently "under the wing" of the management representative, and has felt so ill at ease in the marble halls and unfamiliar surroundings of the great hotels where the meetings have been held (at $3 a plate) that they have had little or nothing to say. It would be an interesting test of the amount of democracy in "industrial democracy" to see how many companies would allow their worker-representatives to go unchaperoned to a straight worker-representatives' conference and to indulge in uncensored discussion of the problems of employee representation.

very heated arguments cool off perceptibly in the presence the management. They become deferential, respectful, courteous, subdued, whereas none of these adjectives could have been applied to their previous remarks! Now there is a time for respect—there is a time for moderation—there is a time for deference—but there is a time also for utter frankness, if need be crude, honest opinion, the fullest expression of "exactly what a man thinks." It is unwise and unscientific to suppress such expression on the part of the workers even though it may be accompanied by a seemingly alarming amount of heat and noise! Only nervous old ladies are frightened when a safety valve blows off with a great rush of steam. Those who know the nature of a boiler and the possibilities of the suppressed forces within it are grateful for the wisdom of the engineer who provided the safety valve. The noise does not alarm them. A management which understands the nature of the pent-up forces in human beings will not insist upon attending the meetings of the workmen's committees and personally sitting on the safety valve. It is a healthy thing for the industrial system to provide a means of blowing off steam. The straight workmen's committee may serve as such a safety valve. In these meetings, some matters will dissipate in pure vapor. The real issues, however, will be carried up to the higher board where joint council and more considered judgment will prevail.

Experience with Works Councils *has emphasized the difficulty of making the plans function, of persuading the workers to use the channels thus opened to them, rather than the problem of restraining them from a radical use of the machinery provided.*[12] Both straight workmen's com-

[12] The only exceptions to this statement that have come to the writer's attention personally or by report were where the Unions felt that the employee representation plan was a definite move to undermine their organization and so have "started trouble."

mittees and joint councils seem to be necessary for the fullest functioning of a plan.

ADMINISTRATION—THE EXECUTIVE

This brings us naturally to the question of administration. "Nothing will run itself unless it runs down hill." An executive is needed. Particularly in unorganized industries where the workers are not accustomed to group thinking, and where a century of industrial servility lies behind the psychology of the people, the transition from the old order to any degree of reality in employee representation is not an easy one. For workers who have always been given to understand that the decision of even minor matters in the factory was "none of their business," and told in effect to "keep their mouths shut or get out" in case of the slightest dispute with foreman or manager, it is incredibly hard to believe it when the Company decides to institute industrial democracy. Suddenly, perhaps, or even after the period of a few months of preparation during which the idea may have been ever so carefully "sold" to them, the workers are advised that they are now industrial citizens in the plant, and may take up in committee or assembly or council "any matter which concerns their interests." The announcement takes their breath away. Then they look it over again and say, "Aw, g'wan—we know better." They then begin to "look for the joker" (and sometimes they find him). But even when all is sincere and as liberal as possible, there are powerful habitual inhibitions to be overcome before the plan will function.

In plants of any size an executive should give full time to explaining, administering and developing the plan, encouraging the workers to use the machinery provided, doing the follow-up work and seeing to it that "things happen." Not once, but hundreds of times, have workers

explained their individual or collective grievances to the writer and, when urged to "take it up" under the employee representation machinery, have replied with a knowing smile, "What good will it do?" or "He wouldn't stand for it," with a nod toward the foreman or manager. "We know things around here better than you do—it's no use—we can't get anything done." An Employees' Agent or Executive Secretary is a necessity to make the plan function.[13] He must be in the absolute confidence of the workers. This cannot be gained except by downright sincerity of purpose on the part of the official in question. He must not be a "Company man" in the sense in which workers apply that term. The plan will function best if he is looked upon by all parties as *a Labor leader "by consent."* The Company must consider that he is doing his duty *only when he makes the plan function and must not complain if he succeeds in encouraging the workers to raise real issues in the committees.* That is one important phase of his work. Another important phase of his work, as it is an important part of the work of all Labor leaders, is to guide the workers into orderly, responsible, considered action through the regular channels of negotiation. A good Labor leader, whether he be union organizer or an executive in employee representation, can be of incalculable value in preventing hasty, impetuous, highly emotional, often unreasonable action on the part of the workers when issues arise, persuading them to continue at work pending the course of negotiations in which they will be assured of a square deal

[13] In companies which do not employ a full time Executive Secretary and where the plan is successful it will be found that some member of the management bears a special relation to the employee representation and in fact fulfills much of the educational, executive, initiative and stimulative functions described here under the work of the Executive Secretary. Some one—regardless of his exact title—must perform the functions described in this section or the operation of the plan is doomed to failure.

and of vigorous leadership in presenting their side of the argument.

Most of the executive's sympathetic understanding of the workers' minds, most of his knowledge of their troubles and their real aspirations, will come to him outside of the committee meetings—in the factory as he talks to the men on their jobs, or works beside them for a time "to get the feel of it." Casual remarks about the works, on the streets, in the houses, and complaints from the women folks will give him his real understanding of the workers' thoughts and needs. In the committees it is his business to challenge their thought so that these vital concerns will come out. Often, by adroit questions in joint committee meetings, or by "coaching" in advance, he can get the workers' representatives to express the thoughts which he knows perfectly well that they hold but which, without his prompting, and moral backing, would not get expressed. The employees' agent should be their leader, their interpreter, their spokesman, enabling them to become effectively articulate in their dealings with the Company. His leadership is needed also to guide the committees in methods of procedure, to instruct in parliamentary order, to develop presiding ability in chairmen, to gather and present varied information and data for consideration, to keep discussion to the point and avoid vague resolutions by committees, stimulating them to definite, clear-cut, well considered action. All of the time, however, the Executive should consistently seek to develop the workers' own initiative and to sink his own personality before their growing capacities for self-expression and leadership.

The management also needs in the executive of the plan a man who is a specialist in employee representation. There is as much to be learned by the management and by the principal owners as there is by the workers if industrial

democracy is to be taken seriously. For even when the management is in entire sympathy with the plan, *it is tremendously difficult for it to remember to use the new technique* in industrial relations and to consult the workers' representatives seriously and in advance in regard to important decisions which have formerly fallen wholly within the sphere of its own authority. The nearest approach to serious labor trouble in a mill which has operated an advanced plan of employee representation for five years occurred upon such an occasion when a manager who was in perfect sympathy with the plan *merely forgot to use its machinery,* and posted a rate cut in a large department without warning and without consultation with the workers' representatives. Fortunately, the machinery of employee representation got busy at once, a strike was narrowly averted, and after a thorough investigation by workers' committees and by the management, the matter of a rate cut was "laid on the table." It is the executive secretary's delicate duty tactfully to guide the management as well as the workers into the ways of industrial democracy. In so doing, he finds many opportunities to interpret each to the other. There are two sides to every question. There are always some facts to be pointed out which may throw new light upon the subject for both sides. Most of the ill-will, suspicion and bitterness between labor and management probably grows out of the conflict itself after issues arise and is based largely upon misunderstanding, prejudice and false report. In the case above referred to, the manager finally offered through the executive secretary to pay the expenses of a committee of girls from the department affected on a trip of investigation of wages and conditions in other plants. This offer was received with amazement, almost with incredulity, by the girls who had already begun to picture the manager as a monster of

Evil, an increasing body of gossip hourly feeding their bitterness and warping their judgment so that they could hardly believe anything good about him. The effect of this offer, which was accepted, was an immediate improvement in attitude and the rediscovery of some redeeming elements of humanity in the management which at once began to pave the way for eventual reconciliation. It has been one of the most happy experiences of an executive secretary to witness the return of reason into highly emotional situations, to see the growth of suspicion and hatred halted by the whole truth given in frankness and fullness to both sides. It is the executive's job to interpret the management to the workers as well as to interpret the workers to the management.

Finally, the executive secretary should be in the confidence of and enjoy personal access to the highest officials and controlling stockholders of the company and must have their support and backing. Without such support his work may occasionally be rendered futile or his position untenable by the local management in case the latter is not in the most thorough sympathy with the plan. Some managers are glad to have shop-committees so long as they are easily influenced and controlled, but object strenuously to any real show of independent judgment and expression on the part of the workers' representatives. The executive secretary who encouraged reality in the operation of the plan would, under such circumstances, find himself at odds with the management and, unless he had support from "higher up," he would be forced to give in or to resign. Of course, the executive's relations with the highest officials will be of the most natural sort and in no way subversive of the normal authority and position of the local management. But the executive must be considered a specialist, drawing from the highest possible sources his authority to

make the plan function. Otherwise, many a shop-committee will in the end prove to have been but a camouflage, or the management may finally report, as one company did, that "there seemed to be nothing for it to do and eventually it went out of existence."

Some unsuccessful employee representation plans just fizzle out. Others explode. The manager of a plant, where employee representation failed to function and a strike followed, afterwards appeared to be dissatisfied with the workers' representatives. He admitted that they had "*asked for*[14] a 48 hour week and *objected to*[14] a 54 hour week." He complained, however, that at no meeting with him "had there been any *absolute refusal*[14] on the part of the employees to accept the decision of the Company." The workers' representatives, face to face with the manager, failed to register effectively the real views of their constituents. Any one who has been in "on the inside" knows that this may easily occur. "If you lose your job or get into any trouble for bringing that matter up in committee or saying exactly what you honestly believe about it, I'm with you—my resignation will go to the Directors at once together with the reasons why"—such strong assurance of support on the part of the executive has more than once proved necessary, particularly in the early years of the plan, in order to persuade a worker or a group of workers to bring forward perfectly legitimate matters, and firmly to express their real views in committee meetings upon subjects concerning which they were in disagreement with the management. An executive who tactfully but firmly insists—with highest official support—upon absolute reality in the operation of the plan will, in the end, prove to be the best friend of the management as well as of the

[14] Italics mine.

workers. For employee representation so administered is likely neither to fizzle out nor to explode.

The administration of employee representation is a technical job and calls for an executive possessing a high degree of initiative, imagination, good judgment, tact, leadership, and executive ability. Unless the salary of the executive is set by the management, or Board of Directors, like the salaries of other high officials, it will probably be difficult to obtain or hold capable men in this field until the workers learn more fully to appreciate the necessity and value of the function of an executive in any business enterprise. A straight workers' committee, particularly in an unskilled and unorganized industry, cannot be expected to understand fully the training and skill required in such a position or to approve of an adequate salary. For this reason, also, the executive should be chosen by means of a nomination by the management (or management representatives on the Council), but should be subject to approval or rejection by the workers' representatives. He should also be removable only by joint action of the workers' and management representatives. In some instances the choice of an executive has been left with rather disastrous results to the workers themselves. Not fully realizing the requirements of the position, and not being in touch with the market for trained men, they have chosen popular local athletes and in one case a professional piano-player and sleight-of-hand-man under whose industrial leadership nothing much happened, except piano-playing and sleight-of-hand![15] In starting a plan, it is also wise not to put into the executive position some man who is already in the employ of the company as Welfare

[15] In a large company, however, where a man of ability holds the position of Personnel Director and is in close and helpful touch with the entire situation, a workman's committee might well be allowed to choose their own secretary either from among their own numbers

Worker, Y. M. C. A. Secretary, or in some other capacity, inasmuch as such an official's relations to the management *are already set and determined.* He knows "where he gets off" and is likely to continue to "get off" at the same place in his future dealings with the manager although supposed to represent the workers in a new capacity. The natural field where material for executives for employee representation might be sought would be among men or women with some training or experience in industrial personnel work. Social workers, Y. M. C. A. secretaries, or others might qualify, depending in all cases chiefly upon the personality and ability of the man himself and upon his grasp of and enthusiasm for the possibilities of democracy in industry. One of the greatest needs of the movement at the present time is the training of executives in both the theory and the practice of representative government in industry.

PERSONNEL DEPARTMENT

In large concerns, Shop Committees with or without an executive on full time do not take the place of a Personnal Department, with its centralized, scientific hiring, and discharge, technical education, promotion, wage standardization, et cetera. Whether or not a *full* Personnel Department is maintained, *the matter of discharging operatives should always be centralized,* either in an Employment Manager or by review of a joint-committee of workers and management which should consider each case *before the discharge takes effect.* Some plans endeavor to democratize the problems of discharge by provision for appeal

or upon a full time salary basis and to determine his salary and duties according to their own judgment. The educational effect in the long run would be good provided that the functioning of the more important features of the plan were not allowed to be endangered by the experiment.

to the Shop Council *after a man is fired.* This is inadequate. The damage is done. It is very difficult to reinstate a man after this stage is reached. If, however, the power to discharge or transfer to another department is centralized and each case is reviewed by a Personnel Director or Shop Committee before the discharge becomes effective, a real improvement in the morale of the mill is noticed and the employee representation plan is made free to function without the constant feeling that a man may get in wrong with his foreman and lose his job, or have things made so unpleasant for him by the foreman that he will prefer to work somewhere else. Local conditions may vary but in general it can be stated that hiring and discharge should be centralized as a preliminary to or part of the administration of an employee representation plan if the management wishes to see the plan function to the best advantage.

The matter of systematic transfer, training and promotion as so admirably carried on by the Personnel Departments of some firms [16] is also of most vital concern. General profit-sharing and employee representation cannot take the place of the systematic recording of individual performance, and of rewarding merit and length of service by promotion wherever possible.[17] If "outsiders" are brought in to fill all the good jobs, if promotion is haphazard or any "favoritism" enters in, if older employees are overlooked and youngsters are given positions which could be filled by faithful employees of several years of service with the Company, an under-current of discontent and a sense of injustice will remain which will prove a real handicap to any partnership spirit in the mill. Subject to the limita-

[16] See "Personnel Administration," by Tead & Metcalf (McGraw-Hill Book Co.).

[17] Employee Representation, however, has a distinctive contribution to make in this field also; see Chapter VI, page 150.

tions to which we shall refer later,[18] wise management will see to it that the workers' fundamental sense of justice, self-respect and ambition is not trampled on by unsystematic or unintelligent methods of promotion, and individual rating which may more than offset the beneficent influence of profit-sharing and employee representation and constitute another one of the hidden causes of failure in this movement toward better industrial relations.

The foregoing factors in successful operation will suggest to the reader the more important problems of technique in employee representation, with the exception of the question of plant publicity, which will be treated in the following chapter. All of these matters should receive careful consideration by all who may be interested in industrial democracy in a practical way. For a close analysis of actual conditions in many plants would substantiate the assertion that many plans are failing to function properly, not-because of any fallacy in principle but on account of some defect in technique, or some weakness in administration.

[18] See Chapter VI, page 150.

VI

EMPLOYEE REPRESENTATION AT WORK

The most interesting way to review the nature and variety of matters which are being dealt with day by day in a thousand factories in the United States by means of one form or another of employee representation,[1] will be by means of selected excerpts from the minutes of some of the representative boards or committees before which these matters have actually come for action. Such excerpts from actual minutes, together with appropriate comment, will reveal more vividly than any general summary or description could do how closely linked to the life, liberty and pursuit of happiness of the working people, and how vitally related to the efficient production of the factory are the matters which are being handled by various forms of representative government in industry. Some of these minutes, which we shall quote, have been published in the plant papers of various concerns. The writer has also had access to the records of other plants by special arrangement. Although the names of companies and individuals will not be quoted, all of the material used is taken from actual transactions under "industrial democracy." The minutes quoted are drawn from a number of companies and represent a range of all of the different groups of

[1] The most recent survey of plans has been made by the National Economic League which estimates this number to be about a thousand. See the Concensus, Vol. VIII, No. 4 (6 Beacon Street, Boston), which also contains other interesting data and opinions on the subject of Employee Representation.

employee representation outlined in Chapter IV. The degree of democracy in the plans and the vital or superficial nature of subjects handled by the various committees will be apparent to the reader from the minutes themselves, and from occasional comment which we shall add. We quote first from the minutes of a plan where the attitude of the management evidently places it in the first group with "advisory" power only:

"The regular monthly meeting of the Cotton Mill Committee was held on ——.

"Mr. —— spoke about the employees' unsanitary practice of drinking off the water pipe. He asked Mr. —— to place a notice up to the effect that each employee use own drinking cups.

"Miss —— requested that the drinking water pipe be placed where the bublers formerly were. Mr. —— (Manager) informed Mr. —— and Miss —— that their request would be attended to. Miss —— asked to have rate of bonus posted in the Weave Room. This request will be granted. Miss —— also stated that the walls of the new toilet were being defaced at noon hour. She suggested that they be locked during that period.

"Mrs. —— asked for new drip pans for the basement of the old mill."

. . . . . .

"Mr. —— (Manager) stated that the strike (in another section) inaugurated by the United Textile Workers had resulted in a total failure after lasting approximately three months. Its object was to get back part of the wage reduction so as to bring the wage reduction to 22½ per cent. only. The largest part of the Southern Cotton Mills where in many cases larger reductions in wages were made, were not affected. Naturally, bitter feelings were aroused on all sides. The comfort and prosperity of the towns were

seriously affected, the United Textile Workers were unable to come anywhere near giving the financial support they promised and the strikers suffered greatly. The manufacturers could do nothing as the market prices for most lines of cotton goods barely returned the money spent for cotton and wages, leaving nothing for interest and depreciation."

. . . . . .

"Mr. L—— (Manager) went over the business conditions and stated that it had been necessary to reduce prices to the point where the selling of our accumulation of goods would cause a very large loss and that it would be suicidal to attempt operation any further unless rates and hours per week were put nearer our competitors. Southern wages and hours were the main factor. For instance, one large finishing plant which prides itself on its high wages pays 20¢ per hour and works 60 hours. Southern States work from 55 to 60 hours and wages are frequently about half the wages in ——; this is particularly true of weaving. The only New England State working less than 54 hours is Massachusetts, and most of the Massachusetts Mills are on very short time and losing money. Employers and employees must look the situation squarely in the face. The 48 hour week and high wages either or both helps the Southern competitor to put us out of business. The question is do we want to work at Cotton Manufacturing in ——?

"Mr. —— (worker) said that there had been complaint of the sudden shutdown *without talking to the Committee!* [2] Mr. —— (Management) said that the necessity developed very suddenly, sales falling off at a faster and faster rate from week to week and that the selling force had not expected it would be necessary to take such a radical step until a couple of days previous to the notice.

[2] Italics mine.

No real warning could be given and it was impossible to avoid or postpone the shut-down without increasing the loss to a most unreasonable extent. Naturally, whether or not to shut down when accumulating stocks at losing prices *could not be discussed!* [2a] Mr. —— (Management) stated, however, that he had talked so much at previous meetings of conditions that it could not be said that there was any concealment of the possibilities.

. . . . . .

"There was general opposition to the 54 hour week as a step backward. Mr. —— (Manager) said that he sympathized with the feeling but that we were face to face with a condition as he said before and that no amount of wishing would remove the trouble. It would probably be some time before a full 54 hour week could be run, but when the time came the Company would need the advantage of it to hold its ground in competition. Mr. —— (Manager) said he thought the employees as a whole would see the fairness of this. The Company had maintained the high rates and short hours at a great loss while waiting in hope of the situation clearing up. Now they thought it was the employees' turn to join in and help. Mr. P—— (worker) said that he thought some date ought to be set in the future on which the question of shortening hours should be considered so that the employees could feel that going to a 54 hour week was not irrevocable but would be fairly reconsidered from time to time. He hoped it might be possible to have the shorter hours through the summer and that June 1st would be a good date on which to consider it."

"Miss —— (worker) said she had been asked if the Company would consider making the weekly earnings on the 48 hour week equivalent to the 54 hour week. Mr. —— (Management) said that inasmuch as the Company had

[2a] Italics mine.

been losing money under wage conditions just as they are at present, *that the question could not be thought of for a moment.* [3]

"Mr. —— (worker) said that the business was so poor at the mill, especially for doubled and rolled goods, that it was discouraging to people in his room. He asked if something could not be done in the way of a fixed weekly wage. Mr. —— (Management) said that business was very discouraging and that it was absolutely impossible to make a dollar under present conditions. Any increase in wages at the present time, whether on a piece rate basis or fixed weekly wage, *would be absolutely impossible.*" [3]

It is perhaps unnecessary to point out to the reader that this plan is evidently not functioning in a vital manner. Although joint committees have been set up for the purpose of giving the workers a voice in decisions which concern their interests, and *on paper* the plan even calls for arbitration if necessary—yet *as a matter of practice* the workers are only accorded an opportunity through the committees to make suggestions to the management ("advisory power"). The workers' suggestions, when they do not meet with the management's approval, are apparently given small consideration, while the workers' representatives are flatly informed that certain critical questions of wages and hours "could not be discussed" or even "could not be thought of for a moment." Inasmuch as the ostensible object of employee representation is for the very purpose of joint discussion and thought upon these very subjects, it is apparent that the management of this concern has not grasped the meaning of the plan or for some reason has not desired to take it seriously. This conclusion is further evidenced by the fact that the management put into effect

[3] Italics mine.

certain of its own decisions upon matters with which employee representation is designed to deal, *without even calling together the committee.* When the workers' representatives complained of this action, the management said that the "selling force had not expected it would be necessary to take such a radical step *until a couple of days previous to the notice,*" [4] but that he "had *talked so much at previous meetings of conditions that it could not be said that there was any concealment of the possibilities.*" [4] One is hardly surprised to read in later minutes of this plan that these events were followed shortly after by a walk-out "by a large part of the employees of the mill," which the management considered "very irregular and unwarranted." The Company then drew the attention of the employees to the arbitration clause in the plan but by that time the workers in the mill had naturally lost all confidence in the machinery of "industrial democracy" and refused to listen, evidently feeling that nothing but a strike would result in making their voices really heard. The entire episode is a tragic but highly instructive lesson as to the conditions which may inhibit the functioning of a works council.

It would be necessary to have access to the actual minutes of the shop committees of the thousand concerns in the United States having a form of industrial democracy, and in some cases to make a personal investigation of the situation before any one would be qualified to estimate the number of companies which, like the one described above, actually utilize employee representation merely as a means of receiving minor suggestions from the workers and as a channel through which the management may warn the operatives of coming events, reserving for itself actual power of decision upon important matters, whether or not the committee is called together to discuss them. Upon a

[4] Italics mine.

certain occasion in another factory, the workers' representatives were asked to accept and approve of a sudden and momentous decision on the part of the management. They demurred and stated that they did not agree with the management in the matter and that the whole body of operatives would wholly disapprove of the action also. *"All you have to do,"* said the management, *"is to go out and explain it to them nicely* and show them that the Company sincerely believes it to be for the good of every one." The management to decide! The workers' representatives to "explain it nicely" to their fellow employees! Such shop committees should be listed under *Employee Explanation Plans.* They belong in no true sense to "employee representation."

We shall not take space to quote minutes of Shop Committees which are almost wholly taken up with activities of lesser industrial significance such as running entertainments, managing club rooms, sick benefits, educational classes, religious meetings, motion pictures and welfare work. This field of activity, particularly the management of amusements, dances, picnics, carnivals, card parties, excursions, baseball, has been one that has been open to working people through their lodges, churches and societies. Their greater knowledge and often surprising efficiency in the conduct of such activities compared to their present contribution to industrial management is very marked and gives ground for the belief that their ability in industrial management will increase as they are admitted to experience in that field as well. Employee management of recreational and educational work puts a different face upon these matters in the eyes of the workers in a mill. Especially where profit-sharing has been a feature of the plan it has quite taken the "curse" out of welfare work! This desirable result is the effect of the consciousness of the

employees that as profit-sharers in the company they really share in the expense of the welfare department. If money were not spent upon welfare work, the workers know that they would receive their share of it in profits. Often they "prefer to have it in cash." A close watch is therefore kept by profit-sharing operatives upon the welfare expenditures of the Company and pressure is brought to bear upon their representatives to keep such expenditures within bounds. In one mill under employee representation and profit-sharing, pressure by the main body of employees upon the Board of Operatives *resulted in closing a club house* where it was felt that too much money was being spent and moving into smaller club rooms in an unoccupied building owned by the Company.

A good illustration of the sound sense and business judgment exercised by a straight workers' committee in charge of the management of Company houses is supplied by the following minutes of a Housing Committee (one of the sub-committees of a workmen's board.) [5]

"A meeting of the Housing Committee was held at the Gate Office, October 3rd, 1922, at 5 P. M.

Those present were: Messrs. C——, B——, S——, B—— and the Executive Secretary.

The reading of the minutes was dispensed with inasmuch as copies had been sent to all members and no errors or omissions noted.

The regular order of business was dispensed with in order to hear requests and complaints from Messrs. S——, J. W——, and Mrs. T——, who were present.

Mr. S——, of A. C. S—— & Co., first appeared before the Committee in regard to a shed needed to store materials

[5] The sub-committees of this board which cover its principal activities are as follows: Housing Committee, Recreation and Education Committee, Working Conditions Committee, Finance Committee.

and asked the Committee to erect a galvanized iron shed about 30 or 40 feet long on the ground near the shop which he rented from the Company. Mr. S—— was asked to submit a figure on cost of such a shed with description of materials, etc.,—also to meet the Committee at 5 o'clock next day and look over the ground.

Mrs. T—— then stated that since ♯14-17 H Street was sold to J. S——, her rent had been raised and she wanted to move into a Company house and asked for the rooms at ♯23 H Street, now occupied by A. S——. After discussion in which it was brought out that Mrs. T——and her son ranked as employees and had always taken especially good care of Company houses and that A. S——was a non-employee and was all alone in the apartment wanted by Mrs. T——, it was voted to notify Mr. A. S—— that ♯23 H Street is wanted by the Company in thirty days; also to rent these rooms to Mrs. T—— and to install a toilet and supply paint and hang paper as needed in the judgment of the Chairman, upon inspection.

Mr. Joseph W—— appeared before the Committee and complained about his rent being raised for improvements while he himself had paid for electric light fixtures although the Company had paid for the toilet installation. The Secretary stated that according to record, Mr. W—— had paid $15.34 in December, 1914, for the electric fixtures in question. The Secretary stated that the Electrical Department had been asked to appraise present value of these fixtures. Mr. W—— said he preferred to continue to own the fixtures but wanted cheaper rent than others whose fixtures were put in by the Company. It was pointed out to him, however, that after eight years his fixtures would not now be worth as much as $15.00, and that even if they were worth that amount, no greater reduction in rent could be made than 6% on that amount which would amount to

ninety cents a year or less than two cents a week. Tenant then decided to sell his fixtures to the Company and it was voted to pay Mr. W—— for fixtures at appraised value if satisfactory to him when advised of the amount.

Upon request, voted to hang paper in dining room for J. W——, tenant to supply the paper himself.

A request was received from the Volunteer Fire Company for help in putting a new roof on Fire House in —— (building being owned by the Company). It was pointed out that the Fire Company had free rent of this building, also that they were some protection to the Company's Storehouse close by. It was, therefore, voted to supply shingles from stock for roof of Fire House, the Fire Company to do the work themselves.

Matt M——'s rent for store and rooms was raised to $20.00 a month (on account of improvements).

Request was received for paper and paint for tenant at ♯73 S—— Street—kitchen and bedroom—Company to supply paper and paint only—tenant to do own work. It was explained that request from this family for wall paper had previously been refused by the Committee because they were back in their rent, but that one of the family now has a job in the mill and has agreed to have rent deducted from his pay each week and is nearly caught up with back rent. Voted to grant this request.

Voted to approve rental of ♯93 F—— Avenue at $6.16 to Philip S—— on condition of his being responsible also for the rent of ♯18 F—— Avenue from his brother-in-law with whom he now lives, said brother-in-law having proved poor pay in the past to the Company.

Voted to refer to the Board of Management, if necessary, delay in installing toilet in S——'s house where old toilet condition is unsanitary—order having been in for a long time and repeated requests made to hurry this job.

Request from George W——, ♯99 F—— Avenue, for boards to build a coal bin, and to have steps repaired. Requests granted.

Voted to offer B——, ♯62 S—— Street, muresco for two rooms if he will put it on himself.

Voted to paper dining room at ♯97 F—— Avenue, tenant to supply paper; doors need fixing (do not shut properly); new panel needed in back door; ordered done.

Bids were ordered secured for window lights needed in cellar windows throughout the village before winter sets in.

Request of Sam M——, F—— Avenue, for door in dining room granted.

Request from C——, ♯101 F—— Avenue, for material to build a coal bin—granted.

Request of L. M—— for paper and paint for living room—much needed—has had nothing done for long time—granted.

Voted to order J. D—— to roof ♯160 F—— Street with flexitile shingles at the reduced figure of $15.00 a square laid and charge same against Depreciation Reserve.

Light reported out behind Harcourt Building—Secretary to report to the Electrical Department.

Voted to refuse any further requests for decorations until Spring.

Meeting adjourned at 6:35 P. M."

These workers exhibit no disposition to throw away Company money.[6] Careful but just, they have, in fact, managed the property entrusted to them conservatively, restricting decorations, making tenants meet the Company half-way, standardizing rents, removing favoritism. Often when housing conditions are at their worst, foremen and favored second hands "can get anything they ask for"

[6] Profit-sharing is a part of the Plan in this mill and forms a strong incentive to economy.

while ordinary workmen put up with leaky roofs, falling plaster, and no water except rain barrels or a distant pump. Employee representation eliminates, it is true, such injustices. But this is very beneficial to the morale of the mill. There is more bitterness caused in a mill village by poor Company housing and unjust administration than perhaps by any other cause. It hits the women folks, and hits them hard. A discontented wife back there in a Company house makes a discontented and inefficient and resentful worker in the mill. Real employee representation in the management of a mill village has proved to be a healthy innovation. It is not surprising that this should be so. The people who live in the houses know the conditions better than any one else can know them. Absentee owners cannot usually even imagine the actual living conditions of the workers. Occasional visits to the mill with hasty tours of inspection of the houses under the guidance of the local manager, who, perhaps, shows off the good spots and avoids the bad ones, are wholly inadequate as a means of understanding housing conditions. The first Housing Survey made and submitted by the Housing Committee of workers above referred to revealed to the owners depreciated conditions in their own property and lack of living conveniences for the workers which shocked them and which they had never truly sensed as they passed along the pleasant streets on their monthly visit to town. The President of this Company, after three years' experience in the matter, made the following public statement in regard to workmen's management of Company housing:

"Through a sub-committee it takes complete charge of all affairs connected with housing, receiving from the Board of Directors complete data regarding the valuation of each workman's cottage, taxes, insurance and related matters.

It fixes all rentals, makes all repairs, and, speaking generally, manages the mill village.

"*These functions are performed more efficiently by the Board of Operatives than they were previously performed by the Management, according to our experience,* owing to the fact that much more time and thought is given to each individual question, than the Management could possibly give to it. There is more satisfaction in the village and the property is managed economically."

Employee representation in Company housing and other community institutions is also highly educational to the workers. It gives them a new idea of property, its value, its maintenance, its risks, and the problems of its management. The general sentiment in a mill village even where rents and prices are extremely low is that "the Company is making money out of them all right or they wouldn't run these things." The attitude of a worker to whom the books are open and who is placed in a position of responsibility to "try to make both ends meet" changes altogether. The management of these matters leads him into all kinds of inquiry in the endeavor to get on the right side of the ledger. The workers' Housing Committee referred to above had a large problem of repairing very much depreciated property. The expense of new roofs, new gutters, sash, stoops, painting and installation of water and sewer was enormous. A foreman mentioned "Depreciation Reserve" in meeting. He said funds should be available from that fund for renewal work so that the Housing Committee would not show such a serious loss in managing the houses while they were trying to get them into shape. "Depreciation Reserve"—what was that? It had always been "one of the mysteries" if heard of at all. Everybody was interested at once. They inquired of the management and suggested

that certain bills should be charged to that account. Long argument ensued during which the Committee educated itself on the subject. An expert accountant was finally called in and corroborated the Committee's newly acquired information. He stated at the close of the meeting that he "wished that the average corporation President would exhibit as much interest and understanding of Depreciation Reserve as this workers' committee had done." The Committee also learned what expenses were chargeable as "Capital Accounts" and arranged to raise rents in case of improvements to cover interest on the new capital invested. Incidentally, therefore, a group of workers each year have learned a good deal about bookkeeping and the necessary safeguards in the management of property.

The workers also saw in a new light the relation of landlord and tenant. They had always been on the other side of the fence. Now they got a taste of the management's job. "It's as much as your life is worth," they will tell you, "to act as Chairman of the Housing Committee," which takes the back-wash from disgruntled householders! The continual complaints and criticisms heaped upon this workers' Committee and the difficulties it has met in its management of the houses, have led its members to believe very thoroughly "in a man's owning his own home." They recommended to the Company that the houses be offered for sale to employees only, good and cheap and on easy payments! This was done and many workers have bought their own homes. Each time that a house is sold, the workmen's Housing Committee raises the flag! The new owner is also pleased. He begins at once to take better care of his house than ever before and to make the improvements which his heart desires. These workers are solidly convinced of the value of private ownership at least of the houses in which they live!

A Southern cotton mill has placed its "mill village" under the management of a Workmen's Board. Their responsibilities include not only the housing but the streets, sidewalks, and policing of the village. This is suggestive of what might be done in redeeming the "company town." Real employee representation, properly administered, holds out fascinating, far-reaching and as yet undeveloped possibilities in this direction. Workers' representative management of company houses, company stores, company libraries, company schools, hospitals, churches, streets, lighting and police would go far toward removing the stigma of autocracy and un-Americanism from these industrial communities.

It will be of interest now to note from actual minutes of a committee on Working Conditions some of the things in the daily life of a factory, in addition to wages and hours, which loom large in the worker's mind:

"A meeting of the Working Conditions Committee was held on September 14, 1922, and a tour of inspection was made throughout the factory buildings.

The following conditions were noted in the tour of inspection and ordered brought to the attention of the Manager:

Heat needed for Department X—for winter weather.

Lockers needed in garage for chauffeurs.

Ventilator badly needed top of inside stairs from . . . room to . . . room.

Water now led to drinking fountain in . . . room is hot and melts ice—should be piped from different quarter.

Toilet in Storehouse needs cleaning and better ventilation.

Paper towels and racks needed in Department . . . and . . . Room toilets.

Toilet paper holders from which only one piece at a time could be removed should be installed in all toilets—employees now waste paper, wipe hands on it and throw it all over floors.

Proper platform on . . . Room stoop.

Holes in platform back of Storehouse.
Paint men's toilets in . . . Room.
No bin for ice in . . Room basement.
Two wash troughs in . . . Department very unsanitary; proper washing facilities needed.
Regular operator needed on elevator in storehouse #36—present system dangerous as elevator may be dropped out from under man in act of entering it with heavy case.
Holes in floor of Storehouse."

Passing by the more obvious dangers to the lives or health of the workers, let us take for illustration even an item of minor importance on this list: "Holes in floor of storehouse"—that does not sound serious to an outsider. It may not even sound serious to a manager whose mind is taken up with the difficult problems of production, and the larger aspects of the business. The holes in the floor are not large as yet; it is a small matter surely. It is in a way a small matter to the Company, *but not to the man who pushes a truck with a heavy load on it along the Storehouse floor.* What does it mean to him? It may mean a trip to the hospital. If the wheel of his truck drops into a hole in the floor at just the wrong angle and throws his truck in just the wrong direction, *it may mean a rupture for him!* The hospital for him. Wife and family on short pay for eight or ten weeks. Sickness—anxiety—debt. Yes, "holes in the floor of Storehouse" is an item of vital significance to the men who work in the Storehouse. To give them a voice in control of such matters is to register material progress in the idea of representative government. The reader can imagine what the other commonplace items on the list may mean in sickness or health,[6a] safety or accident, with the human tales of personal and family welfare which may depend upon these

[6a] See article by the author in the *Survey*, June, 1924, entitled "Employee Representation and Community Health."

matters. Sometimes amusing, but no less vital, are the election slogans which develop under industrial democracy. "Wait until *our man* gets on the Board," said one of the coal loading gang,—"*he's* going to *start* something! Here we've been hollering for three years *for a place to wash!*"

Because small details as well as great issues in industrial life profoundly affect a man's daily life, liberty and pursuit of happiness, nothing less than an effective voice in the management, representative government in industry, seems to the workers to represent basic justice in industrial relations.

We pass on now to still more significant transactions under employee representation. The following minutes give a fine example of technical method in dealing with matters directly affecting wages and terms of employment:

"A special meeting of the Board was held Monday night, July ——.

Meeting called to order at 8 P. M. by the president.

The president stated that the first business of the meeting would be to hear the complaint of the frame hands. He cautioned those present that the Board had only advisory power in such matters but added that it was one of the most important functions of the Board to hear complaints and to make recommendations to the Board of Management (Joint Committee), as to what seemed fair to both sides. It was this that gave the operatives real freedom in expressing their opinions and opened the way to mutual understanding.

In the statements of the men present the following points were brought out:

Mr. H—— (the Manager) had reduced the number of workmen at the frames from seven to five. At the delivery end there were three men where there used to be five. He

had agreed to "meet the men half way" when he proposed the change. They figured that the wages of two men would be a saving of 82 cents an hour and that an increase of 9 cents per hour for each of the three men at the delivery end would take only a third of the saving. They had proposed this to Mr. H—— but he would not consent to giving more than four cents an hour raise for the extra work. All of those present admitted that it might be possible for the three men to handle the work most of the time but it would mean a great deal of additional work and responsibility for spots, uneven cloth and damages. While watching one machine, they could not watch the other. A great deal of the time machines that were listed to run about 45 yards were speeded up to run much faster, occasionally as fast as 100 or 120 yards. Frequently they were called on to run samples which necessitated washing and re-setting the machines.

The secretary reported that Mr. H—— (Manager) had told him that all of our competitors had frame hands tending at least two machines and frequently more and that the cost was less than ours would be if his offer was accepted. Our wages were already slightly higher than competitors' wages and the plant was losing money so there must be an adjustment that would make our efficiency at least equal to that of competitors. He felt that his offer to the frame hands had been more than fair but he was perfectly willing to have them prove it to their own satisfaction. He submitted a letter signed by the manager at ——— (another mill), stating that the average was two and a half frames per man in that plant. Those present objected to the comparison with ———, for they claimed that the plain white work was easier to run. They finally agreed that if it could be proved to them that work of equal difficulty was being run by competitors with fewer

hands at the same rates offered by Mr. H——, they would accept his offer and do their best. They would prefer to have more help rather than the increased wages but they would accept 47½ cents per hour if Mr. H—— would agree to split the difference with them.

It was the sense of the meeting that the frame hands should be willing to live up to the Plan and accept the current wage, but there was not enough evidence as to what the current wage was. It was finally voted to have the secretary see Mr. H—— and inquire if he was willing to replace the two men taken off of this work and if not whether he would agree to raise the pay of the three men on the frames to 47½ cents per hour. If he still felt that this would be unfair to the business, the secretary was to ask him to make arrangements to send one of the frame hands, to be chosen by the men affected, to see how the same work is being run in other plants. It was the opinion of the Board that the men were willing to be fair, if it could be proved to them that they were not being imposed on."

At the following meeting the matter was settled as follows:

"For the Working Conditions Committee the secretary read a letter from Mr. H—— stating that he had heard from the ——— Print Works refusing to allow a representative of the frame hands to investigate wages and conditions there but indicating that they ran their frames with one man less than we have at ———. Mr. H—— then stated that he earnestly hoped the men would be satisfied with the written word from other companies and the experience of Mr. H—— and their foremen, both of whom had worked in other print works and knew conditions. This communication was placed on file and the matter was laid on the

table with the opinion that it was settled unless positive proof could be furnished that the local frame hands were not getting at least the current wage and prevailing conditions."

What a breath of fresh air such dealing lets into "industrial democracy!" The plan is evidently taken seriously, properly administered, and decisions are based upon facts in a spirit of fair play by both management and men.

This leads us on now to some interesting extracts of minutes of workers' and joint committees which have dealt with the larger questions of general raises and decreases in wages and hours and with other matters more specifically problems of management of the business itself.[7] We quote at some length the following minutes of a straight Workmen's Board because it shows how thoroughly and from all angles the workers' representatives discuss the larger issues when they come before them and also because of the interesting suggestions for increasing the efficiency of the mill which sprang direct from the Workmen's Board itself.[8] The following quotations are extracted from the minutes of three different and consecutive meetings which lasted until midnight on each occasion:

"Mr. H—— (Manager) said that the Board of Directors wished to submit to the Board of Operatives a request for a recommendation with reference to working hours and wages in the plant. He asked that the discussion be confined to the Board of Operatives and that the matter be considered confidential. He submitted various facts for

[7] *The Survey*, September 1, 1922, publishes an intensely interesting story of the Columbia Conserve Company's experience with employee representation. The article is entitled "The High Adventure of a Cannery," by W. P. Hapgood, and is well worth reading as another illustration of real employee representation.

[8] It is only fair to note that this Board included several foremen.

the Board's consideration in coming to an intelligent conclusion. The payroll at —— is $—— per week. The operations for the first four months of 1919 have 'broken' about even without paying any interest on the investment. He said there was no immediate prospect of an increase in revenue, although business conditions are somewhat improved. Only increased production and efficiency can result in profits. He said that the Board of Directors would like a reply by Friday afternoon, May 23rd. Mr. H—— mentioned a number of things which might be taken into consideration, including the probability of the passage of the 48 hour law for women and minors by the State Legislature next year, the probable raise of 15% in wages in the New England mills where they are now working 48 hours a week, and the probable excess finishing production which may occur in this country. . . . The discussion became general. Mr. B—— (an employee) said that it had been the universal experience that production had been kept up on shorter hours. He also said that we would soon have to do something in order to get help. Mrs. C—— (employee) said that very little work was accomplished when the girls were tired during the last half hour of the day. It was reported that the foreman of Department 10 had for some time urged a shorter day and expressed his belief that his department could get more production in nine hours than in ten. Mr. L—— (assistant foreman) said that shorter hours kept the help in better condition so they could work more efficiently while they were at work. Mr. A—— (employee) said that he did not think the production would drop on a nine hour schedule, although the Calender Room, in particular, is often worked to its limit at present.

Mr. B—— asked Mr. H—— for an idea of the average finishing price as it now stands. He replied between ——

and —— cents a yard. Also average difference in cost and finishing price, in other words, profits per yard was an average of —— of a cent a yard.

Mr. H—— was asked how much the plant was capitalized for and gave the figures. He said that —— had lost $—— in the last six months of 1918, but had made approximately $—— in the first six months, outside of merchandising.

Mr. T—— asked how wages and hours in the plants of our competitors compared with ours. Mr. H—— said that, not including the South, our wages are about the same as the average in other plants. He said that the —— Association was gathering statistics along this line and that he would be glad to submit them to the Board of Operatives when they are available."

"The Board then studied the payroll and entered into general discussion in regard to wages and hours."

The following resolutions were finally passed:

"WHEREAS, there is a world-wide movement of labor to obtain the eight hour day, and the Textile Industry in the United States in particular is conspicuous at this time for widespread concessions of a 48 hour week with an increase of 15% in wages, and

WHEREAS, the Board of Operatives believes that this is right and proper, now therefore

BE IT RESOLVED, that the Board of Operatives recommend to the Board of Directors:

FIRST—that the working hours be reduced to 48 hours a week, with a 15% raise in pay.

SECOND—that over-time be paid at the rate of 'time and one-half.'

THIRD—that the Boiler Houses and the Electrical

Power House be operated on an 8 hour shift. Inasmuch as the Board of Operatives was requested not to hold any hearings nor to make full investigations at this time, the Board of Operatives recommends that it be permitted to proceed as soon as possible, to hold hearings and to negotiate with the Agent on behalf of the employees in these departments, with a view to arriving at a satisfactory adjustment of wages for them on the 8 hour schedule.

FOURTH—that similar hearings be held for the adjustment of the wages of the watchmen who will continue to work on the 12 hour shift.

FIFTH—that the office employees' schedule shall be 44 hours a week, salaries remaining unchanged.

SIXTH—while feeling its responsibility in making these suggestions, the Board of Operatives believes that in addition to the saving which will be effected in power and light, the plant can be so managed, and its efficiency so improved in other ways, as to result in turning out practically the same production in 48 hours as it turns out at present in 54 hours. To this end the Board of Operatives wishes specifically to recommend the following methods of increasing efficiency:

(A) That time-clocks be installed, covering all operatives.

(B) That a regular monthly foremen's conference be held for mutual discussion with the Manager of the problems of mill management, in order to harmonize the working of the various departments of the plant with each other; to improve working conditions which may affect plant efficiency, to promote the spirit of coöperation among all departments, and with the management, and to increase the efficiency and production of the entire plant.

(C) That a mass meeting of all employees be called and full explanations made in regard to the importance of co-

operation on the part of every one in order that production may be kept up and no loss sustained by us all as partners, on account of reduction in hours."

This change in hours was shortly afterwards put into effect by the Company and the suggested methods of increasing efficiency adopted. The Manager also wrote a letter which was published in the plant paper, appealing to all operatives for increased economy and efficiency in their work following this reduction in hours. The worker editors headed the Manager's appeal with large capitals "We're With You." Evidently, every one got into the game. For, according to figures compiled by the Superintendent at the time, this mill continued to finish in the shorter week of forty-eight hours substantially the same amount of cloth (within about one per cent.) as it had formerly produced in the longer week of fifty-four hours.[9]

A joint board settled in the following manner a grievance of a group of workers which had failed of satisfactory settlement by the foreman or the manager and had been appealed by the workers' committee to the joint board. *These men were on the verge of a "walk out" when the matter came before the workmen's committee and was*

[9] Some of the comments heard about the plant are worthy of record also as revealing the new heart which the operatives put into their work under the shorter hours:

"When the whistle blew at 5 o'clock, everybody thought there was a fire, but it was only the first day of the 48 hour week at old ———."

"Say, things are getting better all the time—a fellow begins to feel that life's worth living after all."

"That hour's the greatest thing that ever happened."

A voice from the Power House exclaimed: "Gee whiz! I feel like a fighting cock this morning. I don't feel like an old man as I used to do after going out of here after 12 hours' work."

"This ought to have happened about forty years ago," said an old hand in one of the departments. "I would have been a young man to-day."

appealed to the joint board for decision, the following action proving entirely satisfactory and restoring contentment in the shop:

"A request for forty cents an hour for the men in the Box Shop with approximately a sixteen per cent. raise for B——, K——, and W—— was then taken under consideration.

Mr. H—— submitted figures showing an average of 37½ cents an hour for Box Shop workers in twenty-one plants of our competitors. It was stated that a large majority of these plants were also working on a forty-eight hour schedule. After discussion it was voted that thirty-eight cents an hour be paid our Box Shop men and a proportionate raise be given to B——, K——, and W——, bringing our Box Shop wages somewhat above the average of other plants."

Another serious grievance which had created much dissatisfaction was settled by a joint board, as follows:

"The request of the foremen, office force and salaried employees for adjustment of salaries on account of the general raises given to the time workers during the war, was taken up and thoroughly discussed.

It was moved, seconded and carried that a committee consisting of Messrs. H——, B——, and A—— be appointed to go over the list and recommend to the Board what increases be made."

At the following meeting:

"Mr. H——reported for the Committee appointed to adjust salaries of foremen, office and salaried employees, reading name by name, with amount of present salary and amount of proposed salary.

It was moved, seconded and carried to accept the rec-

ommendations of the committee, as read, these increases to be retroactive to the date when the matter was first brought up."

Thus, not only wage-earners but salaried men have found employee representation helpful and the morale of the mill has been greatly improved thereby.

The following general raise in wages was passed by a Board one-half of whom represented the workers and one-half of whom represented the owners of the mill:

"Mr. —— proposed the following resolution—WHEREAS, information at hand indicates a 15% increase in wages in the industry, and, WHEREAS, it is consistent with our policy in the Plan to pay the market wage in our line of work, BE IT RESOLVED, that there be granted, effective June 1, 1920, an increase of 15% in wages to all hourly employees and piece-workers, and an increase of 15% to salaried employees receiving $150.00 per month or less and an increase of 10% to all salaried employees receiving over $150.00 per month with the understanding that should the average competitive finishing plants not meet this increase in wages, our wage scale will have to be adjusted to meet the average. Mr. —— seconded the motion. Discussion. Mr. —— spoke of the possible feeling on the part of salaried employees in regard to differentiation in per cent. of raise. The question was called for and the resolution was carried unanimously."

The following meeting of this joint board shows the interesting possibilities of a compromise when minds meet to discuss differences of opinion. For the matter of salary adjustment had in the meantime come up before the workers' committee which sent a recommendation on the subject back to the joint board, asking that all the sal-

aried employees might receive the full 15% increase. In the minutes of the next meeting of the joint board we read the following:

"Mr. B—— stated that the higher paid employees feel that they have been discriminated against and would like to know why it is. Discussion.

Mr. H—— said he did not see very brilliant prospects ahead for business and thought we ought all to try to save for the Company where reasonable. As far as discrimination was concerned, he said he thought that Capital was the only one that might be said to have been discriminated against in having no part in the raise. Mr. H—— said he had felt that the lower paid help needed the money more than the higher salaried men who would receive enough advance to care for the increased cost of living, on which basis the whole raise had been made.

The Secretary said he agreed with Mr. H—— in this but thought it was a question of what had been done in other places where a raise had been granted.

Mr. C—— said he had understood that —— received a flat increase of 15% for all employees.

Mr. C—— suggested as a possible arrangement that we might raise each one 15% on that part of his salary up to $150.00 and 10% on that part of his salary over $150.00. Discussion."

After laying the matter on the table until the next meeting, out of courtesy to the President who was absent, the last suggestion for compromise was finally adopted and made retroactive to date of first discussion.

A wage decrease was also handled by this Joint Board as follows:

"The matter of wages was brought up and the chairman presented figures showing in general 22% reduction in other plants. The wholesale cost of living was reported to

have decreased approximately 30%. Sufficient business not yet developed to assure full time. The following resolutions were presented and seconded:

WHEREAS under our Plan, we are obligated to pay the current rate of wages, and WHEREAS wages in our industry have been quite generally reduced 22%, and WHEREAS this has not as yet universally gone into effect, and WHEREAS the cost of living based on retail prices has declined not 22% but approximately 12%, this figure of 12% being arrived at after consultation with the Merchants' Association of New York and other authorities and from investigation of local prices, BE IT RESOLVED that in consideration of the above fact, our wages, including salaried employees, be reduced 22%, but that only 12% go into effect at once, January 10, 1921, the balance to go into effect at the discretion of the Board.

Mr. H—— said some plants (with no cost systems) have cut prices to below what it actually costs to finish goods. General discussion from all points of view including drop in cost of living—price of finishing, market conditions, wages paid in other plants, possibility of getting orders and running the mill at all. Call for the question. On vote being taken, the resolutions as made and seconded were carried."

No dissenting votes were cast by the workers' representatives against this action. They were convinced of its justice and necessity after full information had been laid before the meeting, and they had been given oportunity to examine the data and to assure themselves of the facts in the case. The Plan in this mill calls for the payment of the current wages for the industry. This precludes precipitate action either up or down, the joint board endeavoring to base its decisions upon well-established

changes in the scale of wages or hours throughout the industry generally.

This joint board not only settles wage disputes and other grievances but has power to settle and adjust any matter of mill management that may arise. The following brief extracts from its minutes will show the general business nature of its sessions:

"The Manager submitted written statement for November showing goods on hand, work ahead, cost of finishing and cases in finished storage. He stated that in December orders had been very small, especially for last two weeks, and plant was now pretty well cleaned up with not much work ahead. The number of cases held in storage is now considerably reduced showing that goods are moving which is a favorable sign. He drew attention to our increased cost per yard in November over October and stated that this was principally due to excess steam charges on account of lack of water and necessity of operating steam turbine. He also reported progress on flooring in Bleach House and Starch Room and said that they had been handicapped in putting new boilers into operation by great amount of oil which has to be cleaned out before using for process steam.

The Sales Manager reported the market conditions to be very poor and small orders received the past two weeks. He stated that he had compared notes with most of our competitors and found them in same condition in regard to bleach goods, which are weakest in market because staples are on less margin of profit—therefore less activity on uncertain grey market,—fancier fabrics are more active. He said that wide sheet prices have been advanced and that there is a slight possibility of advance on nainsooks which have been finished at far less than cost for some

time. Market looks more ready to accept advances in some lines but bleach end being the weakest part of the business, it is most difficult to get advances in our line. He said he was pleased over the fact that certain concerns who have been price-cutters have recently installed cost systems which have opened their eyes to many conditions not before realized; they now know they have been losing money on certain fabrics and are starting to raise prices on some lines which will have a strengthening effect on the market.

Mr. B—— (worker) asked if we would gain by merchandising at least on a small scale. Mr. H—— replied that tremendous capital would be needed and that risks would be greater than probable gain. Our deliveries have been so satisfactory that merchandising is not necessary merely in order to provide quick delivery.

The Treasurer then submitted financial report in writing showing net profit of $—— for November after crediting 6% to Capital on investment.

Mr. C—— reported as follows on 'returns':

	December.
Total closing	4,052,636
Total Returns	148,181
% Returns	3.705
Total Dirties	51,401
% Dirties	1.28
Total Narrows	96,780
% Narrows	2.42

showing 'returns' kept at excellently low percentages." (Later, however, greatly reduced below these figures.)

A variety of business passes through the Board. The Workers' representatives get an insight into the management of the business and bring their point of view to bear

upon any of its problems that they wish to be heard upon.[10] *This joint board elected the present manager of the mill* with very happy results, choosing largely because of the workers' representatives' information on his qualifications, a man who would probably otherwise have escaped the owners' favorable attention.

One of the by-products of employee representation in the mill has been the discovery of ability in otherwise obscure men and in their promotion to higher positions. An operative "with ideas" can be elected by his fellows to the workers' committee where he receives very considerable information, education and training which helps to develop his general ability. He can then be elected by the workers' committee to the joint board where he sits down with the principal stockholders and highest officials of the Company in joint council over the affairs of the mill. He has a democratic chance to be "discovered" which does not hold in factories without employee representation where the old line or staff organization obtains. This new channel for discovering men of ability has proved greatly to the advantage of the particular mill referred to as well as to the advantage of the workers in it.

A word of warning, however, should be included at this point. While undoubted benefits are possible through the discovery and promotion of men of ability in the organization, there is also a real danger of gradual demoralization and ultimate inefficiency and financial ruin if this policy is allowed to be run into the ground. A careful check must be maintained by the owners and management upon the natural tendency of local representatives unduly to favor

[10] It has been found to be the most effective arrangement to retain in the joint board the determination of management policies and the power to settle any matter of management on appeal, but to delegate to a foreman's council the technical questions of operation, process and administration.

the promotion of "home boys" to all higher positions as they open up. Efficiency and ability must be the first qualifications for promotion and the Company must not hesitate to import "outsiders" to fill positions when necessary. Workers' representatives can be brought to see the necessity of such a course but the matter sometimes requires clear and forcible emphasis by the owners and management in order to reveal to the workers the business necessity of such a policy.[11]

Wage disputes which have been thrashed out under employee representation have often proved of considerable educational value. The management of a certain factory stated on one occasion to a whole department that costs of production were exceeding selling prices and it seemed necessary to cut wages in order to reduce expenses and be able to operate at a profit. The arguments advanced by the workers and their representatives showed a surprising range both of knowledge and of curiosity! The question of overhead charges was brought forward and suggestions made for reducing expenses in other ways than by cutting wages. Some of these suggestions were good—others not so good! But business problems which had not previously worried the workers became food for thought and investigation.

The management paid the expenses and furnished introductions for a committee from the department affected to visit other mills to ascertain wages and working conditions among competitors. It was "educational" to this committee when the first mill visited coldly refused admission to the factory or any information whatever! The management of another mill courteously interviewed the

[11] The election of foremen by the workers is probably not yet possible although Seebohm Rowntree ascertains before appointment whether appointees will be acceptable to workers in departments affected.

committee and answered all questions but did not allow inspection on account of certain secret attachments to their machines. Reflections as to the competitive nature of business and the problems and difficulties of management naturally resulted.[12] The committee and the workers in the department investigated by letter and interview not only comparative piece-rates, daily and weekly pay, and production per operative, but also variations in method and management in other mills, the proportion of revenue obtained by sale of by-products generally in the industry, reasons for variation in demand and slack seasons, effect of favorable location and transportation facilities for a factory, and other matters of technical and general business interest. One might venture to prophesy that a generation of workers intelligently interested and informed upon such a catalogue of subjects and animated by a spirit of coöperation might prove a constructive force in industry with beneficial results in improving methods, cutting down waste, and increasing production in the mills of any industrial nation which might so take its workers into its confidence, and grant them the rights of industrial citizens with knowledge of the facts and a voice in industrial management.

From the foregoing illustrations from actual proceedings and activities of works councils of various types and degrees of authority, the reader will have gained some conception of the operation of employee representation in its legislative and administrative activities. It is necessary to note now, as a part of our study of employee representa-

[12] Later, in a period of depression, considerable protest arose in this department when a stranger was allowed to go through and to study the processes in detail. The flurry among the girls was quieted only when it was explained by their representative who took the matter up with the foreman, that the visitor was not engaged in a directly competitive line of work.

tion at work, how publicity in the mill and among the stockholders may link together the representatives and their constituents and may, to a considerable degree, extend to the whole body of operatives and stockholders the educational benefits of the works councils.

PUBLICITY

Employee representation at work calls for full publicity—open diplomacy, openly arrived at! There are, to be sure, occasionally situations when workers' committees and joint councils will wish to hold "executive sessions" in order not to precipitate matters in possibly delicate business crises,[13] or for other reasons in an emergency. But ordinarily everything should be done by the councils in the open. Workmen's committee meetings should be open for any operative to attend just as the meetings of town boards are open to all citizens and for the same reasons. The electorate should have a check upon its representatives. The people should know what their representatives are doing and how they vote. Otherwise, there might be danger of a "closed corporation"—an oligarchy of a few who might rule the roost without due consideration of the opinion of their constituents.

In industrial democracy it is equally, perhaps more important, to have employee visitors attend board meetings in order that the rank and file may also come to *appreciate* what the board is doing. After general invitations failed to

[13] Workers' representatives readily agree to temporary suppression of publicity in such emergencies. In a certain mill, the workers' representatives unanimously agreed to discontinue publication in the plant paper of the fact that the mill was making profits during a time of general depression when prices were low and many other mills were losing money. They feared the tendency of still further lowering prices if customers felt that they were making profits although the workers themselves felt this to be due to their greater efficiency under profit-sharing.

secure such attendance one board now issues personal invitations to certain operatives to be present as special guests each month. The board members may be pardoned if they have delighted to honor as their guests in particular the most prominent "knockers" in each room. Many have attended, stated their grievances, asked their questions, observed the board in action and come away in an enormously better frame of mind. On the other hand when the invitations are refused, the board members are placed in a strengthened position and can tell any irresponsible knockers to "come up or shut up."

One of the principal necessary features in such employee representation publicity is the posting of the minutes of meetings upon bulletin boards in all departments.[14] It is better to post "abstracts" of some minutes, omitting such personal and other detail as may stir up unnecessary trouble. For instance, to post the fact that Mrs. Jones has been granted new wall paper for her parlor may start a perfect epidemic of requests for parlor decorations along an entire company street,—requests which would not have been received in such volume in the normal course of events! This practice of posting abstracts is not a compromise *provided* that copies of *full minutes* are placed in the hands of all representatives and filed in the executive's office, it being clearly understood that any operative may see them upon request. The delicate matter of mentioning in the minutes the names of workers' representatives who propose and vote for or against all resolutions may be settled, particularly in the first years of the plan, by omitting such names from the minutes of *straight workers' committees* where representatives are a little gun-shy

[14] Minutes should also be translated into the language of any nationality of foreign born, who constitute a considerable per cent. of the total number of employees, and posted in departments where they are employed.

of the management's disapproval. This practice should be discontinued as soon as confidence can be established and all names should be inserted from the first in minutes of *joint committees* where the management is already informed of the attitude of the workers' representatives *in order that the workers may know what their representatives are doing and how they vote.* As in political elections, the workers must know that their redress for lack of real representation is at the polls and must be encouraged to govern themselves accordingly. Initiative, referendum and recall are healthy principles also, although where the term of office is only one year, they would not seem essential. Full publicity, however, is indispensable.

The posting of minutes should be a part of every plan and not omitted "because there seems to be no demand for it from the workers." *Lack of initiative in "demanding" anything is characteristic of unorganized labor* because of its mental background which we have endeavored to describe in previous pages. They will not *"demand"* the minutes, but they *will* indulge in a lot of talk, false rumors, gossip and scandal about the plan, its operation, and their own representatives. Such talk is often very harmful. *Full information is better than fool talk.*[15] The plan itself and its administration are to blame if the workers are kept in the dark and irresponsible rumor thus encour-

[15] I would say that there is an exception to this statement in the undesirability of general publicity in regard to salaries. It is best for the Board of Directors to go into executive session when it passes upon the salaries of officials, management, executives, foremen and salaried force. No end of trouble would result from general publicity in regard to this subject. Personal jealousies and bad feelings throughout the whole organization would be sure to follow. Assuming that the Board of Directors acts in good faith in the matter, refraining from padding the payroll, and paying to the higher officials only a fair "market wage" for their particular jobs, there is no need for general publicity in regard to this matter and infinite harm would result from the dissemination of this information.

aged. The management need not fool itself into thinking that certain matters are too sacred for publicity. Factory gossip knows no sacred ground. The workers talk about all these matters anyway—but they often get them frightfully twisted and do a lot of harm.[16] The truth, the whole truth, and nothing but the truth is the only cure for false report, and the only basis for successful industrial democracy. It is true that a false report sometimes starts from an operative "only half looking at what the minutes say" but in that case the representatives in that department can lead the misinformed one direct to the bulletin board and "tell him to use his eyes." Such incidents are good education and help to build a solid basis for future industrial democracy.

The posting of minutes brings the real feelings of the people to light and makes a plan function vitally. Such continued "hollers" went up from a certain department each time the minutes of the Finance Committee showed expenditures for "baseball shoes" that the Working Conditions Committee finally succeeded in securing the long-desired wooden "clogs" for the men of that department who worked all day in wet and slippery places. It must be admitted that this was a triumph for employee representation,—obtaining for the people who were doing the daily work the shoes which they needed, rather than spending money principally upon a few baseball players. The posting of the minutes did it.

A number of other helpful methods of publicity deserve

[16] A worker representative recently questioned the manager in regard to the "$12,000.00 loss of cloth in the Bleach House," about which the entire mill was talking. "The latest figures on the loss you refer to," said the manager, "are $360 and it will be paid by the experimenter who has been trying out a new process." That was different! The worker representatives went back to their rooms and spread *the facts,* restoring confidence in the management and improving the morale of the mill.

JOINT MANAGEMENT BULLETIN

DUTCHESS BLEACHERY, Inc.

MONTH OF_____ HANG UP IN_____ DEPT.

DEPARTMENTAL RECORD

| | | |

mention. Mass meetings for the entire force or departmental "town meetings" where general matters and particular local problems may be discussed and questions asked, or at which a series of speakers may make addresses upon matters of general business information such as production, efficiency, the market, orders, et cetera,[17] will add to the general and technical information of the new citizens in industry and promote skilled, intelligent, coöperative effort in the mill.[18] The financial statements of the Company with full explanation should form a part of such publicity, copies being sent regularly each month to each representative and provision made for any operative to see them. Salient features of the financial statement can be included in the posted minutes. Production charts and Joint Management Bulletins should keep all the industrial

[17] The following is a suggested schedule in brief skeleton form for a series of such mass meetings:

"How We Get Orders—factors entering into."

"Cost Finding—how and why; what it means to each and every partner; per cent. of cost, labor, overhead, supplies."

"Market Prices—why they vary; 'depression'; demand and supply; can they be regularized: competition—value and evils of."

"Finance—'Capital'—what it is: how to secure for a business enterprise; Stock—what it is—its value—varieties of; 'Capitalization' of plant."

"The Problems of Management."

"Accounting—Fundamental Principles—how to keep books; 'Depreciation Reserve,' etc."

"The Human Factor—Industrial Relations; History and Outlook."

"The Creative Impulse in Industry."

"Health."

"Safety."

"Industry as Public Service."

[18] Large mass meetings in the writer's experience have proved useful only for information and inspiration. It is hard to see how plans which rely only upon large mass meetings for democratic expression can truly function. Workers do not speak up in large meetings or say exactly what they think. The management which thinks it has secured the workers' thoughts in a general mass meeting ought to hear what they say on their way home! Small, intimate units of workers' representatives, and small departmental "town meetings" are, as a rule, "where things come out."

citizens informed as to the state of the business—orders received, goods on hand, daily production and amount of returns, waste, or poor work. The information contained in such charts will not only stir a pride in joint achievement but, where profit-sharing or economy sharing is also a feature of the plan, will prove very vital in stimulating the public opinion which may become a powerful force toward better work and increased production in a body of industrial citizens.

The plant paper, issued weekly or monthly, may also prove a useful means of constructive publicity in employee representation. It has great possibilities as a "molder of public opinion" in the mill. Here again specific conditions must be met to insure success. A plant paper for operatives, under industrial democracy, must be *democratically managed and edited.* A joint editorial board consisting of representatives of the management and representatives of the workers should plan each issue and agree upon the material to be used. The worker-editors should be elected by the workers themselves or appointed by their elected representatives on the Shop Council. The Executive or Secretary of Industrial Relations should act on the editorial board, preferably as managing editor. In this way, democratically agreed upon material goes into the paper. This is of particular importance in view of the unfortunate character of so many factory publications. There is perhaps no other field in which the employer appears to such poor advantage to his workers. There are no circumstances in which Capital looks more like a hypocrite to Labor than in the publication of the so-called "employees' magazines." Most of these publications display statements that the papers are published *by and for the employees,* while everybody knows perfectly well that they are published *by* the management

and *for* the interests of the Company. This fact is patent enough upon the pages of those periodicals which are filled with preachments about "loyalty to the Company," "sound" economics, the dangers of Bolshevism, the silliness of Socialism, the un-American character of "agitators," and other anti-union propaganda. They extol the virtues of thrift, coöperation, obedience and contentment for the working class. "Employee magazines" often present us with the strange phenomenon of *perfect silence* upon the subjects which lie nearest to the hearts of the employees!

The plant paper of a certain concern having a shop committee plan was filled for months with predictions of the defeat of the textile strike in New England in 1922. The workers' representatives objected to the one-sided slant of these articles but the management stated that the paper was merely publishing facts and "news." It probably did not strengthen the workers' confidence in the management's unbiased judgment of what is news when the New England strike was finally won by the unions! In some of these cases, it must be very difficult for the workingman not to believe that his employer is a hypocrite, especially when religion is introduced and made to do service in plant papers with Scripture texts, prayers and extracts from the sermons of eminent and holy men—all seeming to sanctify and uphold the established order in toto. Take the following gem, for instance, which was featured with a fancy border on the cover page: *"I believe that God makes us to work; that He meant that we should earn our living by the sweat of our brows. But I believe He made us to love our work so much that we might find real and profound pleasure in it, and so labor on until, tired out, we might sleep like little children at the end of each day."* Is it to be supposed that this quotation was printed at the

suggestion of any of the half-naked men who sweat in the extreme heat and noise and grime of that industry which employs men for a long working day, at low wages, in hazardous, arduous, fatiguing toil? Real employee representation on the editorial board would save the plant paper from this sort of thing. It can also make of the factory publication a positive means of linking together the distant stockholder, the management and the worker in a new understanding of one another's points of view. If employee representation grows in extent and sincerity, we may look for a new industrial literature which shall reflect the changed relations in industry. Here and there the new note is already being heard. As an example, we quote below an editorial from a plant paper in a concern having an advanced plan of employee representation:

"THE TRUE AMERICAN PLAN"

"As the Fourth of July,—the great American holiday, approaches, it is fitting that we should turn our attention again to the great American plan of human relations which our forefathers set up upon this continent. The world about them was filled with slavery. The world about them was filled with autocracy. But the Declaration of Independence, proclaimed as the American Plan of human relations, the principle of *representative government*—or democracy. Since the early days of our country, the face of our civilization has changed. We have become an industrial nation. True patriots to-day are, therefore, once more pioneering—this time in industrial relations and endeavoring to introduce into this new and great field of human relations, the same sacred American principle of democracy—the principle of representative government. This movement is taking many forms and finds expression in political platforms, in the cooperatives, in trade unions, and in 'Em-

ployee Representation.' Of outstanding significance in this new birth of Americanism in industry are the newer forms of trade union agreement established between employers and the Amalgamated Clothing Workers, the Ladies' Garment Workers, the Amalgamated Textile Workers, and others. These new forms of union agreement prohibit all strikes or lock-outs, arrive at all decisions as to policy between employers and employees by means of joint Trade Councils, on which both are equally represented, refer all detailed disputes and interpretations of their agreement to an 'Impartial Chairman' who holds an industrial court, hears evidence and makes his decisions. Thus the legislative branch is handled by the Joint Board with its American principle of representation of all parties concerned, the judicial function is handled by an impartial judge, chosen and paid by both parties concerned, and the executive branch is left to the management of each factory and to the business agents of the union. A great step has thus been taken toward constitutional government—the true American plan—in industry—and at the same time strikes, lock-outs and disorders are eliminated.

"The other outstanding movement towards industrial democracy in our day is 'Employee Representation' or the voluntary granting by the owners of a voice in management to the workers in their plants—the American principle of *representation.* There are now about one thousand factories in the United States working under some form of employee representation. The plans vary widely in degree of power granted, but where they are sincere, as they are in many cases, they represent a real step toward democracy in industry. Our Plan has become widely known as one of the most real and most successful of these sincere attempts on the part of American owners voluntarily to make room for the American principle in their

industrial relations. It is a great responsibility which is laid upon us all. Soberly, in the fear of God, and in a new sense of industrial brotherhood between all parties concerned, stockholders, workers and consumers, let us go forward together and let the divine principle of democracy —*brotherhood*—bring forth its perfect work of industrial peace and good-will among men."

In addition to publishing sincere and democratically agreed upon inspirational material, the plant paper should make room in its pages for the usual photographs of the infant sons of popular employees, pictures of pretty girls employed in the various departments, snap shots at picnics, and illustrated news of various phases of welfare work. "Personals" and plant jokes are dear to the hearts of the people. The factory magazine should be composed of a judicious mixture of the sublime and the ridiculous—probably in the proportion of about "50-50"! Even the technical industrial matter should be presented in attractive popular, local form, not clipped from other periodicals or bought by the yard from commercial companies. Among the subjects which should be included are technical efficiency in the mill, production records, safety and health, labor legislation and social progress, employee representation news, the decisions or minutes of the committees, suggestions, criticisms, a "question box," and write-ups of various departments, giving each operative an idea of the processes and problems of other departments than his own and how the work of all is related to the finished product. Important articles and their own "personals" should be published also in the language of any nationality of foreign born who may constitute a considerable per cent. of the payroll.

In addition to the posting of minutes, the holding of "town meetings," and the publication of a plant paper,

further educational publicity in connection with employee representation may be carried on in the mill by means of posters of all sorts, special pay envelopes or printed inserts for the pay envelopes, notices on bulletin boards, etc. The judgment of the workers' representatives will be sound and can usually be accepted as final upon the value of any "commercial articles" which may be offered to the Company in the line of "educational" literature intended to improve the general morale of the employees. The manager of a certain mill wisely asked the workmen's committee for advice upon the distribution of a certain "line" of this talk which he himself thought was excellent. It told "How Jack Made Good"—but the workmen's committee unanimously pronounced it "bunk" and smiled broadly at what "they" would say about it if it was passed out in the mill. The manager did not invest. Other managers would be wise to seek the sound sense of the workers' representatives in such matters.

Finally, we would emphasize the fact that printed word and public meeting are not wholly effective publicity unless they are continually supplemented by the personal work of the employee representatives themselves and their executive secretary who must constantly circulate among their constituents answering questions, giving explanations, supplying information, dispelling misunderstandings, cleaning the machinery and greasing the wheels of industrial democracy![19]

In concluding this chapter on Employee Representation at Work, it would be possible to quote the statements of manufacturer after manufacturer as to the beneficent effects of shop committees upon the morale and output of

[19] In large concerns the departmental representatives may be given distinctive badges so that new employees and others may easily locate them and take up with them the matters with which they are supposed to deal.

industry after industry. The National Industrial Conference Board, after an extensive survey of the field, makes the following statement:

"Works Councils that have been properly conceived, introduced and conducted, have proved a valuable aid in gaining the confidence and good-will of employees and thus in improving production, reducing labor turn-over and other waste, and generally in benefiting alike all those engaged in the common enterprise." [20]

One might also quote the elaborate reports which have been prepared by certain large concerns showing graphically the imposing number of matters which have been brought up in committee together with the disposition of these matters which has appeared largely to favor the employees. While the writer concurs in general in lauding the possibilities of employee representation and believes that it is, in fact, to be credited with many a substantial benefit both to employer and employee, he is conscious of how superficial and misleading the generalizations and statistics on the subject may be. *Only a qualitative analysis can present us with a true evaluation of the movement.* Successful operation is contingent upon specific conditions in the plan and its operation. We have endeavored to outline some of these conditions in previous pages, and shall proceed in the following chapter to the consideration of a still more important factor.

[20] "Experience with Works Councils in the United States," page 13. The Century Company, New York.

VII

PROFIT-SHARING AND EMPLOYEE REPRESENTATION

Some form of additional compensation to the workers should become a part of any plan of employee representation if the best results are to be obtained. This feature need not necessarily be announced at the time of installation of the plan. It may well be made a matter of joint study and later recommendation by the Shop Council itself. But the addition of this feature in some form should not be too long delayed. Money talks. *An additional compensation speaks of reality in the new industrial relation. On the other hand, "industrial democracy" without additional compensation seems to whisper insinuatingly in the workers' ears, "This is just another game to get more work out of Labor; the financial results will be credited to the same old account of profits for the owners."*

Recognizing this fact, many employee representation plans have provided economy sharing or secondary wages of some sort with a view to dividing with the workers the saving in waste, or the value of the increased production which usually result from this venture in new industrial relations. Economy sharing has perhaps been the most widely used and is reported to have worked satisfactorily in many places. It does not seem, however, to be an ideal form of additional compensation principally for the reason that it is not directly or necessarily tied in

with the financial success of the business itself.[1] The same objection applies to paying additional compensation in the form of wages higher than the market. High wages in themselves do not always result in efficiency and increased production although under employee representation they would be more likely to do so because the workers are taken into the confidence of the Company and have its problems and difficulties fully explained to them.

The most desirable form of additional compensation would seem to be some system which most directly reflects in the pay-envelope not only individual but collective good work by the entire factory. Profit-sharing seems most nearly to meet these requirements. It provides an additional compensation which has a direct and constant relation to the success of the Company. It rewards not merely the careful handling of materials and increased effort on the part of labor, but it encourages as well a wider interest in all the problems of the business itself and the most intelligent coöperation in the success of the entire enterprise. Even to the most carefully worked out plan of individual incentive by merit rating, piece work, or task and bonus, profit-sharing will add a *group incentive —a collective appeal* which has a decided additional value. Profit-sharing makes for a more genuine unity between owner and worker. It may be a highly social force whereby the workers and management "provoke one another unto love and good works."

So many failures in profit-sharing have been reported, however, that before illustrating the helpful aspects of profit-sharing when operated in conjunction with employee representation, it will be in order to observe some of the

[1] Owing to changed market conditions, a certain concern during the past months has found itself in the position of paying such a bonus to its employees and at the same time losing money heavily each month.

principal reasons for failure in this field.[2] The National Industrial Conference Board comments upon unsuccessful profit-sharing plans, as follows.[3] "The reasons for abandonment pertain either to circumstances external to profit sharing such as a change in the management or ownership, or to those directly connected with an unsatisfactory working of the plan itself. Of the latter, apathy, dissatisfaction, and open hostility on the part of the workers loom large, and were found in more than 50% of the cases noted. Labor unions seem to be uniformly opposed to profit-sharing and difficulties are encountered particularly in awakening an interest among the unskilled and unintelligent workers."

"Changes in management or ownership" can not be reckoned with. But what are the reasons for the *"apathy, dissatisfaction and open hostility on the part of the workers," the opposition of the unions and the difficulty of "awakening an interest among the unskilled and unintelligent workers"?* It will be recalled that under certain conditions we also discovered the presence of apathy, dissatisfaction, hostility and lack of interest in connection with employee representation. In the latter part of Chapter IV and in Chapters V and VI we went into some detail to show that *reality and liberality in the plan itself, sincerity in motive* and *adequate administration* are prerequisite to success in employee representation. Similar requirements as to reality, sincerity and proper administration on

[2] For general treatment of profit-sharing, see Burritt, Dennison, Gay, Heilman, Kendall "Profit Sharing; Its Principles and Practice"; also United States Bureau of Labor Statistics Bulletin on "Profit Sharing in the United States," also Great Britain—Board of Trade—"Profit Sharing and Copartnership Abroad," 1914.

[3] "Practical Experience with Profit Sharing in Industrial Establishments," Research Report No. 29—National Industrial Conference Board, June, 1920.

the part of the company are fundamental to the successful operation of a profit-sharing plan.

Not only is the necessity of proper technique in plan and administration often overlooked in profit-sharing, but many concerns have expected too much of the system, and have, therefore, been disappointed. Employers in some cases have apparently assumed that profit-sharing would automatically eliminate strikes and wage demands. They have reasoned that since profit-sharing provides an additional compensation for the workers, there should be no more trouble over wages. But the history of actual payments to the workers under profit-sharing is enlightening and very significant. In England over a period of thirty years, profit-sharing concerns have paid to their workers in the form of profits only about 5% or 6% on their wages. In the United States, average profit-sharing seems to have ranged anywhere from 5% to 12% of wages. In the light of these facts, it is easy to understand how even an honest and well-meaning employer may unconsciously exaggerate the importance of profit-sharing. What he is doing in profit-sharing for his workers tends to appear to him of more importance than what he may not be doing in the way of wages. If the workers insist upon "talking wages all the time," the employer's feelings may be hurt and a conviction of his employees' "ingratitude" easily arises in his heart. "Here I am sharing all my profits with you and you are always harping on wages and pointing out that another plant gives a few cents more per hour." *He does not get clearly enough in his mind that "a few cents more per hour" may be more in the long run than the amount of the profits which he is distributing to his men!*

The profit-sharing employer *is under the subtle temptation to minimize in his own mind the severity of a wage cut*

to his workers who, he thinks, will at least share in the profits which the Company will be enabled to make by reducing expenses. For the same reason the profit-sharing employer *is tempted to turn a deaf ear to requests for raises in wages. To the workers, on the other hand, their wage scale is of more importance than the uncertainties of the comparatively small profits which they receive.* For instance, on a rising market, a ten per cent. wage increase would constitute a very moderate demand. And yet, if granted, it might actually mean more to the workers than the average returns to them from the profit-sharing which the Company talks so much about! For a company to pay its workers 10% less than the market wage, share comparatively small profits, accept the credit, both moral and financial which accrues, and at the same time expect more and better work from its employees because of profit-sharing, is in the workers' minds "to get away with murder." "Apathy" or even "open hostility" on the part of the employees may readily develop.

The union scale of wages, taken year in and year out, may mean more to a worker than the wages paid in some profit-sharing establishment *plus profits!* And in the union agreement, there is no subtle expectation of a "gratitude" to the company which may seriously hamper the worker's bargaining power for a higher wage and advancing standards of living. Commenting upon a profit-sharing plan which was classified as one of the failures, the National Industrial Conference Board states: [4] *"This plan was later abandoned because employees insisted on having their wages increased."* [5] In the light of the above facts, Labor's indifference or open opposition to profit-sharing

[4] "Practical Experience with Profit Sharing in Industrial Establishments," Research Report, No. 29, page 26.
[5] Italics mine.

is easily understood. *Successful profit-sharing must rest upon a basis of a full market or union wage with the profits, if any, actually paid to the workers in addition to that wage.*

Even when the wage scale is satisfactory, another factor usually enters in to dull the edge of the worker's enthusiasm for profit-sharing. It often happens that a Company makes profits during years in which it does not furnish absolutely full employment to its workers. When work is slack, the easiest and most effective way for a manager to economize is to shut down Saturday morning or a full day or more each week, thus making a large saving in pay roll expense, while getting out all the production he needs. Quite possibly profits of 5% or 10% on wages may be distributed at the end of the year. *But every week when the plant has been closed for Saturday morning alone the worker has lost* 8.8% *of his pay for that week.*[6] Every week when the plant has been closed one full day, the worker has lost over 18% of his potential income. Profit-sharing in the United States over a period of years has ranged from 5% to 12% of wages. Time lost by industrial workers through unemployment and part-time employment over a period of years taking good times with bad is estimated as over 20%![7] If workers in modern industry were to be given full time employment and profit-sharing should be added to full wages, there would certainly be less "apathy" discoverable among industrial workers toward the operation of profit-sharing plans.[8]

Grounds for dissatisfaction with profit-sharing have also

[6] Figures based on a 48 hour week, working 4¼ hours on Saturday.

[7] See article by Ernest S. Bradford, Ph.D., in Bulletin 310, "Industrial Unemployment," published by United States Bureau of Labor Statistics, 1922.

[8] For this reason also unemployment insurance is appropriate as a supplement to any profit-sharing plan. See page 177 for reference to such a plan.

been given to the workers when, as has sometimes been the case, the proportion of profits distributed to the workers has been inconsiderable, and at the same time numerous "strings" have been tied to the arrangement. When, for instance, the management is left to choose those most deserving to receive profits at the end of the year, the plan does not appeal to the mass of self-respecting operatives—nor particularly to strong union men who may not find themselves included in the honor roll! An enormous corporation employing thousands of workers recently occupied headlines in the press with the startling announcement that it was about to institute profit-sharing. A closer reading of the text, however, revealed the interesting fact that only the President and Secretary of the company were to be included in the distribution of profits! There are three general methods of profit distribution: (1) that which awards profits or the lion's share of profits to executives only; (2) that which gives *the same amount* to everyone from the manager to the humblest worker; (3) that which pays the same per cent of his pay to each. The last named method would seem to be the fairest, rewarding each worker in proportion to his contribution to the success of the business.

Many business men have advocated including only executives and foremen in profit-sharing, on the ground that they have the most direct effect upon efficiency and also that they alone are capable of understanding and being content when, because of market conditions or other forces outside of their control, there are no profits to share. But to exclude the rank and file from profit-sharing is to lose a rare opportunity for the most effective kind of education in the problems and risks of modern business. The workers need the profits. They need this education also.

This leads us naturally to the observation that as em-

ployee representation is not complete without some form of additional compensation or profit-sharing, neither is the latter complete or likely to succeed without some form of employee representation. In the first place, workers' representatives can supply the best advice in formulating the plan as to the rules and regulations covering eligibility of operatives to share in additional compensation, term of service with the company, etc. Their sound sense would prevent many an error in laying out a profit-sharing plan and their sense of justice has proved a trustworthy guide in these matters when they have been consulted. A workmen's committee recently stiffened the requirements in a certain plan advancing the probationary period from two months to one year's employment before an operative may share in profits. They argued justly that inasmuch as the great majority of employees would have to work a year or more without profits in order to build up a sinking fund called for by a revision of the plan, it would be quite unfair for a new employee to come in at the end of that time and begin to receive profits after only two months' work. So they provided that every one will have to work one year for the Company before he may share in the profits!

Employee representation in the management is of still more vital importance when it comes to the administration of profit-sharing. It is doubtful whether anything except employee representation can allay the inherent suspicion of the Company on the part of the workers which kills so many profit-sharing plans. *No profit-sharing without representation!* Only by means of the healthful principle of representative government can the workers be made to feel assured that they are getting a square deal. The relation of wages to profit-sharing, as we have intimated, is too delicate and too fundamental for the work-

ers to accept without suspicion a profit-sharing plan and a wage scale in the determination of which they have had no voice. The accounting is also of vital importance. The Company may be so over-capitalized as to throw the whole profit-sharing plan out of balance. Seeing is believing. The books must be open to the workers. The monthly and annual financial statements of the Company must be rendered to their representatives. Lack of information, lack of *representation* in the management, will inevitably beget suspicion. Suspicion will always result in "apathy" or in "open hostility" to profit-sharing. By means of true employee representation in the management, utilizing the technique and publicity methods which we have described in previous chapters, the chief causes of failure in profit-sharing may be avoided and the sharing of the profits of the business with the workers may become a powerful adjunct to employee representation in establishing a new industrial relation.

In fact, the combination of employee representation with profit-sharing and a knowledge of the books of the company, suggests the possibility of a new status for the industrial citizen—that of a *partner* in industry. There has already been a great deal of talk about Labor and Capital being partners. But most of this talk has been purely sentimental, and often misleading as to the actual facts of the case. For Capital and Labor in the past have not been partners by any honest or intelligent definition of the term. It has remained for Mr. Harold A. Hatch, President of the Dutchess Bleachery and one of the outstanding pioneers in this country for better industrial relations, to give a clear definition of the principles involved in partnership and to initiate a plan of industrial relations founded upon those principles. "Three things constitute a partnership," says Mr. Hatch, "first, a just and proportionate

share of the profits and losses of the business; second, an appropriate share in the management; third, a knowledge of the affairs of the Company." It will be seen at once that not one of these three essential principles of partnership are involved in the relation of Capital and Labor *except where and to the degree in which they have entered into a combination of employee representation and profit-sharing.* Labor is ordinarily granted no share of the net profits, no voice in the management and no access to the books of the Company. Labor is, therefore, ordinarily not a partner with Capital. But employee representation, combined with profit-sharing proposes to make Labor and Capital partners in industry.[9]

As soon as a partnership is proposed, the question of losses also naturally arises. "The worker is willing to accept the profits but will he share the losses also?" It will be noted that Mr. Hatch stipulates in his definition a "just" and "proportionate" share in both profits and losses. Any one who knows the facts knows that the workers in a mill are not financially able to dig down in their pockets and pay out in cash sufficient sums to cover losses. Their sharing of losses must be "proportionate" to be just. Now, as Mr. Seebohm Rowntree has pointed out, it is one of the greatest of industrial fallacies to believe that the workers do not participate in any of the risk of the business. The workers risk "proportionately" as much as the owners. The workers risk their jobs. They bear the constant risk of unemployment and ordinarily suffer losses each year from lack of work in the factory. The workers risk the

[9] There are only about one hundred and five profit-sharing plans in operation in the United States and only a few of these have employee representation features. On the other hand, it will be seen that a very small per cent of the one thousand Employee Representation plans include profit-sharing. These facts would seem to throw some light upon the partial success of companies experimenting in both of these fields.

failure of the business or protracted shut-downs and the necessity of having to move out of town to get another job, such an eventuality absorbing perhaps all of their slender capital in the savings bank. The workers take the risk of accident in the plant, risks which do not come to the owners. The industrial worker's income is insecure. Industry forces a very real financial risk upon the worker at all times. Where employee representation and profit-sharing have been wisely instituted, workers and owners have also jointly endeavored to guard against risks and losses to Capital and to minimize the workers' risks by setting up Reserves or Sinking Funds for the above purposes before net profits are divided. In one such plan, Capital's Sinking Fund is intended to secure to the stockholder his 6% "wage" during a period of depression and the Employees' Sinking Fund is intended to secure to the worker unemployment insurance of half wages when the Company is unable to furnish employment.[10] Other plans provide more or less similar Loss Sharing Funds.[11] The size of these funds should be proportionate to the probable risk in the business and to the estimated hazard of unemployment and will vary greatly according to the nature of the industry. It would be wise for a company to build up these Reserves partially or entirely before announcing its profit-sharing plan. "Hope deferred maketh the heart sick." A long period of waiting for profits after a plan has been announced is discouraging and apt to be misunderstood by the workers.

In order to offset the danger of lack of capital for business expansion under profit-sharing, profits are often dis-

[10] See Handbook, *Partnership Plan,* Dutchess Bleachery, Inc., Wappingers Falls, N. Y., page 12.

[11] See *Practical Experience with Profit Sharing in Industrial Establishments—Research Report No. 29,* National Industrial Conference Board, page 40.

tributed in stock or in cash and stock. A French concern pays its profit-sharing to employees in stock and uses the cash to reimburse in full the oldest (founders) shares of stock, then the next oldest, etc., thus keeping control in the hands of active workers. The Dennison Plan is intended to have a somewhat similar effect.[12]

Profit-sharing plans should be wisely formulated upon a sound financial basis, setting up proper reserves against losses and making provision for the expansion of the business. The share of profits offered to the workers should be liberal and substantial enough to give them a real interest in making the business a success. A real voice in the management should be a part of every profit-sharing plan, and the plan must be properly administered. To the degree in which these conditions are met and employee representation is combined with profit-sharing, we may be led to expect such favorable experiences with profit-sharing as many concerns have reported, and which the National Industrial Conference Board summarizes as follows:

"It will be noted that the expressions of opinion reviewed, covering alike well-tried and recently adopted profit sharing plans, indicate in the main satisfactory results. Both the general objects, such as cooperation and loyalty, and specific objects, such as reduction of labor turnover, economies of material, greater productive efficiency, avoidance of industrial disputes, and the promotion of thrift, are being achieved, to a greater or less extent, with profit sharing plans."

A number of testimonies regarding the experience in a factory whose plan endeavored to meet the conditions enumerated in this chapter will be of interest to illustrate the new spirit of unity and coöperation which was born in the

[12] See Handbook, Dennison Manufacturing Company, Framingham, Mass.

mill and the new energies which were released by what has come to be known as the Partnership Spirit in that place. The following comments, made at an important conference with the principal owners, carry added weight as coming direct from the mouths of various operatives and foremen who were members of the Board of Operatives and Board of Management and whose observations of the working of the Plan are, therefore, first-hand impressions of its actual effect in the factory:

One workman stated that the Partnership Plan had made a distinct difference in his department, where the help is unskilled and therefore low paid and used to be discontented and quarreling, and where there was a large turnover, but that now there seems to be contentment and a better spirit throughout the room.

A foreman said that there was a different feeling altogether in department ——, and throughout the mill, than there had been before the Partnership Plan was put in; that real coöperation had been secured.

Another foreman said that the plan has educated the people in the mill to take an interest in the mill, in the business and its problems, and that they were all thoroughly interested in watching the daily bulletins of orders received and production turned out.

A representative of the Shipping Department stated that in his department there used to be a big turnover, that they were unable to keep men to do the heavy work of loading the trucks in all weather and that new men were constantly hired. Since the plan went into effect, he remembered no changes. Formerly, also the gang used to grumble and kick when large shipments of goods came down late in the afternoon to be gotten to the station, but that now the bigger the shipments the better they liked

it, as they all say "business must be good and there will be profits for us all at the end of the month."

The Superintendent of the mill said that his duty was particularly that of getting out production, but that under the Partnership Plan he never had to drive any department. Everybody helps. They want all the work they can get, and the only questions which are asked him by the help as he goes through the mill are *whether he cannot get more orders, turn out a bigger production, and make more profits?*

When asked what he thought about dividing profits each month, another worker admitted that it was probably a bad idea to divide profits before the end of the year, which, he said, was "like taking your cake out of the oven before it was baked." He said he had been with the Company a great many years, that he was a member of the union, and with others had suspected "a nigger in the woodpile" when the plan was first inaugurated. He said he had been on the Board for two years and had worked hard to get industrial democracy really functioning in the mill, but now he felt sure it was a paying proposition for everybody concerned.

Another workman representative said that the men in his department talked to him every day about the profits and the prospects of the business, and all are anxious to get out production. He said that the machine runners were so anxious to get out production that when they ran short of shells they would fairly grab them from each other in order to keep their machines running. He said they would almost buy a shell in order to keep going and get the yards out. "Without the Partnership Plan, I don't believe that they would be interested in this way at all." He said that some men were not anxious to kill themselves working and except for the profit-sharing a man might

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WARNING PLACARD FOR MACHINE RUNNERS IN A PROFIT-SHARING MILL

TYPE OF POSTER WHICH MAY BE USED WHERE THE PROVISIONS OF THE PROFIT-SHARING PLAN MAKE POSSIBLE A REAL PARTNERSHIP APPEAL

easily take a week and a half to do one week's work. "The profit-sharing gives them all something to work for."

About two years ago, one of the machine runners in this mill, through carelessness, spoiled many thousands of yards of cloth by "pin cuts." The plant paper published a letter from the Sales Manager, stating the seriousness of this loss, and saying that it might amount to a loss of as much as $6.00 apiece in profit-sharing to every one in the factory. The result was that although neither the department nor the individual was mentioned, within thirty minutes the whole factory knew about the loss, knew what room it had occurred in, and the man who was responsible, and every one was so sore that it seemed doubtful whether the operative at fault would get home alive! Here you have public opinion strongly in favor of good work in the factory. In an ordinary factory, the comment of the operatives on such a loss would have been, "Hell! the Company is rich. Let them stand it." But under profit-sharing every one was down on the man who had caused this common loss. An Italian in the same room with him even walked up to him and said, "You took away $6.00 of mine. Give it back to me right now!"

On another occasion the Manager suspended for three weeks an operative who had done careless work and caused considerable loss. The general comment throughout the factory on this act of discipline was "He ought to have fired him out altogether. We don't want such partners."

Another incident was that of a plumber who, rather than to delay in doing an important piece of work, took a pick and shovel and dug his own ditch. He afterwards said that he could imagine the conversation he might have had with an outside plumber on the subject. "He'd say to me, 'So you dig your own ditch,' and I would say, 'Yes, I do, when I have to in order to save the Company money.

We're all working for ourselves at ———. What saves money for one, saves it for all. So I don't mind even slinging a pick when I have to, but if I was working for your boss I wouldn't do it!' "

"We're working for ourselves at———." *The long lost sense of ownership in the results of labor, and one of the most fundamental stimuli to good work has reappeared with beneficent results under this partnership plan.*

On another occasion, the engineer of the Company tug was coming home late in the evening. This engineer is on a salary basis and receives no overtime when he works late. He was asked what made him so late getting home from work, and he said that they had been obliged to take a scow down to ——— because they didn't dare leave it over night at the dock on account of what the other workers would say about the loss to the partners in the expense of demurrage. "They would say, 'You're a fine partner, you are. Why didn't you get that scow down last night?' So we took her down."

Even the younger boys who work in the mill are sometimes heard in conversation saying that so and so "ought to be canned" on account of the poor work he has been doing. When you get the idea of partnership into an eighteen year old boy, who usually doesn't take his position in the factory very seriously, you may be sure that the idea is going in deep.

A mechanic, who used to work for the Company years ago, came back to work after the plan had been in operation there for a couple of years. This man stated that he noticed a surprising difference in the spirit of the whole mill as he went from one department to another mending the machines. "The people seem to be happy and contented and they are not careless in breaking windows and wasting supplies, as they used to be."

We are in Partnership for Business

Do Your "VISITING" at Home!

POSTER FOR PARTNERS ONLY!

PARTNERS

Examine each ROLL of cloth
Examine each B O X of cloth

Watch out for { Dirt / Pin-Cuts / Defects

Say to Yourself:

"They Shall NOT Pass"

IN THIS PARTNERSHIP MILL, ANOTHER POSTER READS: "EVERY PARTNER—AN INSPECTOR," AND "QUALITY FIRST" IS THE WATCHWORD.

This spirit throughout the mill has made the jobs of foreman, superintendent and manager a pleasure compared to what their jobs often have to be in the ordinary factory. They do not have to stand over the men and drive them, for there is a feeling of partnership in the mill and of cheerful coöperation in the success of the business.

The labor turn-over in this plant has steadily decreased under profit-sharing and employee representation. In 1919, the turn-over was 56.5%; in 1920, 36.5%; in 1921, 19.9%, and for 1922, it reached the remarkably low rate of 15.4%, a figure which might almost be accounted for by marriages, deaths, and other "unavoidable" causes.[13]

Over two years of financial depression in this industry have not seriously impaired the partnership spirit in the mill. It is not to be expected that a flush of happy enthusiasm can be maintained during a period when no profits are distributed and men are out of work one or two days a week. That condition taken together with a low scale of wages for the entire industry is enough to take the edge off any morale. No partners are exactly exuberant during business depression. But they can understand and trust each other and each one do his best. It was not a surprise to the partners in the mill referred to when depression came on. Full information in regard to market conditions and the trend of business had been given them from month to month. Not only was this publicity continued throughout the depression, together with full information in regard to the Company finances, but they were also informed on the amount of work being secured by

[13] Turn-over was figured by the standard method of reckoning per cent of number of employees leaving the employ of the Company to the average number on the payroll for the year. The record quoted was made without the benefit of a centralized Personnel Department in a mill which offered employee representation, profit-sharing, unemployment payments, health benefits, life insurance, and vacations with pay.

competitors and how their own mill stood in the trade. As a result, the officials state that this mill has made a remarkable record for the years of depression and the Sales Manager has attributed this accomplishment directly to the "spirit of our six hundred partners who get the work out right and get it out quick." This is, of course, one of the greatest assets that any mill can have when orders are scarce!

What a contrast this partnership spirit between owners and workers and management reveals when compared to the psychology of the ordinary factory. What a source of satisfaction for everybody concerned! As the President of this Company has expressed it, "We are all having the most enjoyable time of our lives."

A highly illustrative story is also told of a small printing concern the owners of which were at a loss what to do about one of their most expert printers who spent most of his time talking, complaining, criticizing, knocking and trying to stir up trouble. The Company finally decided upon the bold experiment of taking this man into the firm as one of the partners. His skill justified this move, although his radical ideas seemed to make it a dangerous experiment. Some months later a member of the firm was questioned as to the results. "Do you know," replied the official, "that man hasn't got very much to say any more, *but he's working like the devil!*"

The autocracy of the master and servant industrial relation has tended to produce in the masses of our industrial workers the minds of slaves or the minds of rebels, with inevitable inefficiency in either case. The new industrial relation of Representative Government in Industry would tend to produce in the workers *the minds of citizens and partners in industry.*

VIII

EFFICIENCY AND DEMOCRACY

All who believe in the genius of America or in the principle of democracy in any land are united in the faith that representative government is the only possible basis for the ultimate social efficiency of a lasting political order among men. It is true, as Lincoln said, that you can fool all the people some of the time and some of the people all the time, but you cannot fool all of the people all of the time. The mind of the great mass of mankind can be trusted, even if by slow and clumsy processes, to move in the direction of sanity and progress. And only the spontaneous loyalty of free citizens under a democratic government can be counted upon as the final bulwark of a state. The subjects of tyrant states sooner or later turn upon their masters, destroy their institutions and set up other forms of government. History stamps as ultimately inefficient all forms of government which are not based upon the consent of the governed. In the long run political democracy will lay claim to efficiency in the field of government by reason of its superior powers of survival.

Nevertheless, the immediate operation of political democracy presents a picture of administrative inefficiency which gives us pause. After years of the inefficient operation of various phases of government, we become convinced that office after office "must be taken out of politics" before efficiency can be obtained. Various checks have had to be devised to alleviate the proverbial inefficiency of po-

litical democracy. After years of painful progress some improvement has resulted from the institution of civil service, and the slow up-building of government bureaus. commissions, boards and departments upon a professional basis. But even these technical departments are not yet free from political upheavals and the appointment for political reasons of incompetent officials. Political democracy has thus far shown itself in its administrative phases an inefficient form of government. The sovereignty of the people has not as yet demonstrated itself to be proof against politics, graft and ignorance. While the chief causes of corruption and the miscarriage of popular government may be most directly attributed to the influence of our industrial autocracy and the concentration of wealth which has enabled our plutocracy effectually to manipulate the machinery of popular government to its own ends, nevertheless, we must admit that comparative inefficiency in administration is to be expected in the very nature of the democratic form of government. When a butcher, a baker, a candlestick maker, and a saloon-keeper, sit together upon a city council or a board of education and solemnly decide upon technical engineering problems such as the best method of providing a water supply for the town, or upon such educational problems as the content of the curriculum, the qualifications of teachers and the most suitable text books for the public schools, it is not to be expected that efficiency in public administration will obtain. It doesn't! Engineers point out the frightful waste and inefficiency in the administration of city, state and nation. The small town is no worse than the others but it affords an interesting "close-up" for students of democracy. I have seen eight men solemnly decide upon the comparative mechanical merits of rival water meters and place an order of several thousand dollars of the tax-

payers' money for meters when a majority of the council in all probability had never before laid eyes upon such an instrument and had no technical knowledge of the subject. I have heard of a town council which built an entire water system at an expense of $50,000 upon the supposition that water was to be obtained at a certain point which they enclosed in a great concrete reservoir. The subsequent drilling of artesian wells at that point, however, failed to produce any water! The tax-payers of a village recently watched their fire-engine and fire-house burn to the ground only to hear the next morning that no fire insurance had been carried upon the property by the village board. State and nation offer equally glaring illustrations of administrative inefficiency. Indeed so far as immediate administration goes, political autocracy has proved superior to democracy. This fact is corroborated in the judgment of democracy itself which in time of war when utmost administrative efficiency is a necessity, hastily abandons all show of democracy, vests in its President the powers of a dictator, abandons free speech, free press, free assemblage and proceeds under the most autocratic forms to secure efficiency in governmental administration!

An important urge toward administrative efficiency, however, is characteristic of democracy. *The will to economy* on the part of the citizens exercises a stronger influence upon government when the tax-payers also constitute the electorate. When those who pay the bills have a voice in government, popular influence is toward economy in public affairs. The tax-payers are the watch-dogs of the treasury. The net effect, to be sure, is largely lost as we have indicated because of ignorant, inefficient and dishonest political administration. Democracy worships economy, but it is an ignorant worship of an unknown deity! Ignorance of affairs and lack of technical knowledge in

public management have largely stultified our democratic desire for economy, and have earned for democratic government in general an unenviable reputation for administrative inefficiency.

There is no reason to suppose that the case would be different with industrial democracy, should a sweeping revolution suddenly place the working people in control of industry. Democracy has shown itself in its most glaringly inefficient lights after sudden enfranchisements of the people. The unutterable folly and unspeakable inefficiency of black rule in the South under the carpet bag administration is a case in point. The freeing of the serfs by the Czar in 1860 found them all unprepared for liberty. Poverty and death stalked upon the trail of freedom. The workers who three years ago seized certain factories in Italy, found themselves too ignorant of management, sales and finance to carry on the business after they had taken possession of the plants. Russia under the Bolshevists adds a striking commentary upon the inefficiency of a people suddenly entrusted with power.

Democracy has thus far proved itself to be an inefficient form of government administration; democracy is tragically inefficient when it comes suddenly—and democracy is coming! It has swept like fire across the pages of history, its flames leaping from one field of human relations to another, transforming the relations of the home, the church, the state—and to-day its fires are once more kindling in the hearts of men. To-morrow industry will be all ablaze with democracy. Democracy is born of the highest religious idealism of the race and imbedded in the deepest instincts of human nature. It is inevitable. It will not be denied. Democracy is coming in industry. Must democracy come once more by force? Must rebel minds once more lead the masses in revolt? Must the world once more

suffer the miseries of revolution, the unutterable inefficiency of a callow democracy suddenly come into power? Must democracy in industry prove the inefficient form of administration that our experimental political democracies have generally shown themselves to be?

A supreme opportunity is today presented to the intelligence of those who by ownership are in control of industry. They stand at one of the cross-roads of history. It is within their power to determine upon which road the trend of human progress shall proceed. One way lies the path of conflict, opposition, force, strikes, violence, class hatred, and revolution,—either the inefficiency and follies of rebel minds come into power by means of force, or the industrial slavery of a working class cowed by bayonets and the ultimate collapse of a civilization unsupported by the spontaneous loyalty of free men. The other way lies industrial peace—a "revolution by consent" in Hobson's happy phrase—the voluntary admission of the principle of democracy into industry by the owning class. The Socialist cynic asserts that no class ever rises above its selfish economic interests—that the owners will never voluntarily relinquish their autocratic power or make room for the principle of democracy in industry. The supreme test of their intelligence, humanity and statesmanship is presented squarely to the ruling class to-day. And it is hopeful to note that some outstanding members of the capitalist class have caught the vision of their unparalleled opportunity, sincerely desire the coming of democracy in industry and are taking the first experimental steps towards its accomplishment. Industrial democracy if sincerely set forward by the owners of industry may result in avoiding a violent transition to the new industrial order. This would be indeed a great contribution to the orderly progress of humanity.

There is also a possibility that voluntary industrial democracy may make a distinctive contribution to political science by presenting a phenomenon as yet unknown to human society—a working combination of administrative efficiency and democracy! The leading experiments thus far conducted seem to justify the belief that the working people if generally enfranchised as industrial citizens and partners, would place at the disposal of management, a democratic will to economy which does not now exist in industry and which would without doubt result in widespread saving of waste in time and materials, effect enormous economies and result in increased industrial efficiency. Industry would gain the benefit of the principal management-virtue of democracy—that of a popular will to economy. On the other hand, democracy in industry would escape the inefficiencies of political democracy by utilizing and accepting the leadership of the experts who are already operating private industry, the engineers, the financiers, the purchasing agents, the sales managers, the trained plant managers, the technicians, for the lack of whose leadership, information, foresight and administrative authority political democracy has become a by-word for inefficiency. Such an acceptance of wise, trained, technical, efficient industrial leadership and authority by the working people together with sincere provisions by the owners for democratic expression, control and financial interest offer possibilities of a wedding of efficiency and democracy which may prove to be of deepest social and historical significance. When true democracy and administrative efficiency shall go hand in hand, the trees of the wood will clap their hands and the little hills will rejoice on every side!

In order that this consummation devoutly to be wished may be assured it will be necessary not only to effect a

rapid spread of sincere employee representation but to continue to exalt the function of scientific management in industry. Expert management will not only continue to be needed for the technical operation and development of industrial process and organization—but for the educational guidance and instruction of the new partners in industry whose very virtue of economy will need to be checked and guided into the exercise of broader vision and truer foresight. I have seen the popular will to economy under profit-sharing carried to ridiculous lengths by a few operatives who objected strongly to money being spent for educational classes, recreational work and sanitary wash basins in the mill. Management will be obliged to add the educational function to its already heavy responsibilities.

Strong management leadership will not only be needed through the long transitional period but will no doubt be a permanent need in industrial democracy. The mass must have strong leaders. There is also a human instinct of submissiveness which demands satisfaction. "Some of these fellers," said a foreman, "don't want to take any responsibility—they like to be hollered at; don't you know they do?" Whatever may be our opinion of the pure joy to be derived by any one from being "hollered at" it is certain that the mass desires strong and competent leadership. The position and importance of foreman and manager should continue to be dignified under industrial democracy although as rapidly as possible the workers should be brought to understand that the reason for the management's dignity and authority lies not so much in any external authority as in the knowledge and ability which the management possesses. The workers will come to understand this more rapidly as they are admitted to the

inner councils of industry and gain a new conception of the difficulties of management.

We may now turn to a consideration of various specific contributions to industrial efficiency to be expected from democracy. Viewed from the immediate point of view of efficient administration, it must be admitted that the committee form of industrial democracy seems cumbersome and often leads to delay in execution, duplication of effort and expenditure of time by a number of committee members when one executive could often decide the matter in thirty seconds. An operative with a complaint now often interviews four or five people instead of one. He sees the Chairman of a standing committee, the President of the Board of Operatives, the Executive Secretary and two or three committee members and tells them all the same story if he wants to be sure of his case. There is undoubtedly a lot of unnecessary talk and considerable company time consumed over matters which could be settled much more quickly by a single company official. One is often tempted to agree that the best kind of a committee is a committee of three with two of them absent! On the other hand, it is this characteristic of the constant activity of the committees and the interest which is taken and the responsibility which is felt by many minds, together with the constant contact of management and men which constitutes a safeguard in industrial relations, insures catching grievances in their early stages before serious bad blood can develop, and keeps the industrial organism in health. The life of a happy industrial family is more apt to be maintained by the constant, (if duplicating) daily activity of works committees than by the infrequent contacts of Capital and Labor who in many factories are more like distant relatives who foregather only upon the painful occasions of family funerals to quarrel over the will of the deceased. On the

occasion of these infrequent and painful get-togethers of Capital and Labor, industrial efficiency is apt to find itself in the rôle of the dear departed. The committee system of employee representation, on the other hand, by guaranteeing constant contacts in the daily, constructive, active life of production no doubt in the end effects enormous savings for the company in both time and money. Those in charge of the administration of the plan will indeed find it necessary to educate the committees in the distinction between the executive and the legislative and judicial functions of industrial government. Cicero wisely said that there cannot be too many in the legislature nor too few in the executive branch of a government. A fine balance has to be maintained in industrial democracy between workers' control and sufficient freedom for their own executives to function efficiently. A community worker serving under a workmen's committee in a Southern cotton mill gave as the reason for her resignation that she "had too many bosses." The executives in industrial democracy must patiently submit to "too many bosses" for the good of the cause, at the same time endeavoring to guide the workers into a business man's appreciation of the value and necessary latitude of the executive function in management. It is a comfort to feel in this regard that the first hundred years will be the hardest! After that we may expect a crop of executives who have learned to consult their committees upon all important matters, and a generation of workers who allow sufficient lee-way to their own officials to insure the utmost speed and efficiency in administration.

But the committee system of industrial democracy has other positive contributions to efficiency which are effective at once in any intelligently conducted employee representation. In the first place, the committee system distributes

the burden of executive decisions and is often a very real relief to the management. The instance quoted in Chapter VI where the workers' committee recommended the installation of time clocks is a case in point. The manager had really hesitated to take the step on his own initiative. It was at a time of great labor scarcity and he hesitated to make what he feared would be a most unpopular move. When the workers' own committee, however, publicly recommended this step as right and just, the clocks were installed and no one offered any serious objections. An employee representation system if intelligently utilized by the management for giving out advance information in regard to such steps as the appointment of new foremen, second hands or officials, minor changes in system of accounts or process, etc., will remove an enormous amount of friction, and result in smooth running, efficient operation which it would be difficult to obtain in any other way. The manager informs the workers' committee or the representatives in the department affected, takes them into his confidence, and explains his reasons for the change. The change is made. The usual criticism and grumbling begins. "Say, Bill—what is he trying to put over on us anyway?" "That's all right," says the representative. "He told me all about it before the notice went up. You see it's this way——" and he gives the manager's reasons. If there is any real objection, the committee, of course, takes the matter up. But in a hundred instances there are no objections and advance information and intelligent explanation to the workers forestalls destructive criticism, removes irritating friction, makes most decidedly for cooperation and efficiency in the working force. "Theirs not to reason why, theirs but to do and die" may have been a good slogan for an enterprise which was to end in death and destruction like the charge of the Light Brigade, but

it is stupid and unscientific as the basis for coöperative efficiency among free men.

The above observations also best answer the oft-repeated question whether employee representation detracts from discipline and undermines the authority of the foremen. The best discipline is self-imposed. The most powerful authority is that which rests upon the consent of the governed. The knowledge of the workers under employee representation that any real grievance may be appealed, together with their representatives being taken into the confidence of the management and foremen in advance upon all important matters makes for the most effective type of discipline, that of enlightened and willing coöperation. Wise plans of employee representation provide, to be sure, that all grievances must be taken up first with the foreman, the dignity of his position being properly safeguarded. There are admittedly delicate adjustments to be made with the foremen in installing and operating employee representation but the right type of foreman ultimately finds himself in a strengthened rather than in a weakened position by the change. Recognition of foremen in the plan itself as management representatives in joint councils, and a proportionate financial interest in the profit-sharing add new prestige to the foreman's position. The astute foreman also quietly utilizes employee representation effectively if indirectly to obtain through the request of the workman's committee changes and improvements in his department concerning which his own repeated suggestions to the management may have become wearisome or embarrassing. Employee representation properly administered makes for a higher type of discipline and for improvements in working conditions which enable foremen to increase the working efficiency of their departments.

Industrial democracy may make certain other important

contributions to efficiency in a mill. While the workers generally are not qualified to pass judgment upon the technical problems of management, yet in cases where the general management or that of certain departments is lax, there usually exists in the mill a body of public opinion in regard to the inefficiency of the management or foremen which is surprisingly correct. In several different mills workmen's committees have been so conscious of the inefficiency of management or of the workers themselves in their own mechanical departments that, rather than have the Company workmen paint or repair the houses recently placed in their charge, they have had the work done by outside contractors! In one case, the same painters who had done poor work under Company employ, left the Company, took contracts on their own from the workers' Housing Committee and did better and cheaper work than they had done under Company management. This workmen's committee claimed that it saved $15,000 by contracting the work out rather than having it done by the mechanical department of the mill where they were employed. In another case, the continual requests for figures and exact information on the part of a workmen's committee in a run-down factory were instrumental in prompting the management to install a more complete system of records and production control. "What's the use of asking us to work hard to get out production when the management isn't right?" said another workers' committee. "Let the management give us the right kind of equipment and plenty of boxes and we'll get out the production all right."

Of course, workers' criticism of company management or officials is often mistaken. The workers do not know all the facts nor realize all the factors involved, nor the plans for immediate or remote future development which may explain certain acts of management which are otherwise

incomprehensible. If, however, by encouragement and tactful executive leadership the workers' judgment of company management can be brought out, the result would always be toward efficiency. For even in case the workers are mistaken, it is most beneficial that their false opinion of the management should be corrected and their confidence restored. The mere belief—whether correct or mistaken—that a manager or foreman is incapable tends to discourage effort and to produce inefficiency all down the line. In some cases also, real improvement in the efficiency of the management of the mill or of certain departments would actually result from democratic initiative. Such democratic criticism of management and foremen is the contribution at present most difficult to obtain from the workers as their industrial rights are felt to be too new and too insecure, as the situation is the most delicate imaginable, and because the habits of a century enjoin silence. As industrial democracy and partnership grow and become stable and as the field workers' knowledge widens, it seems fair to expect real democratic contributions toward checking up on the efficiency of management.

Another phase of the possible contribution of democracy to industrial efficiency lies in the field of suggestions for improvement in machinery or process. Many companies already offer prizes for such suggestions and receive an appreciable number of valuable ideas from the workers who are able to make suggestions out of their intimate knowledge of the details of their jobs. The value and variety of such suggestions vary with the type of industry, and with the skill and education of the workers. Mr. H. C. Blagbrough, Manager of Industrial Relations, H. H. Franklin Company, of Syracuse, N. Y., after describing the installation of a suggestion system in their great automobile plant, says: "We immediately discovered that there had been latent

a very potential mental activity that had apparently only been waiting the opportunity or the invitation, for your workman is rather sensitive and proud. Ideas about reducing labor costs and bettering the quality of our product began to pour in. They have averaged nearly a hundred a week ever since and fully twenty-five per cent. of them are put into use. Two years ago we thought we were pretty good, yet in one year our workmen told us how to effect a ten per cent. reduction on our labor costs. And the good work is still going on. The interest and the spirit of competition among them is strong, and the interest and the thought given to their work has doubled. In place of concealing ideas they are bent on working up new ones for us. Men have personally told me that they have spent evenings and Sundays working ideas up at home. This new relation has incidentally proved to be an excellent method of developing new talent for us and a number of promotions have been made of men who hitherto we would have missed."

Suggestion plans also have certain present limitations. Suggestions which might reduce the working force are hard to get. Sympathy with fellow-workers out of a job is too keen. Assurance by some companies that operatives thrown out of work by new machinery will be given other jobs tends to remove this inhibition. One company partially removes hesitancy of workers to make suggestions on account of the feelings of foremen by awarding an additional prize of one dollar to the foreman for each winning suggestion from his department! This "helps some."

Even in the most scientifically managed plants where every job is studied and analyzed, processes carefully planned, work intelligently scheduled and supervised, and where new methods are constantly devised by scientific research, representative government can make a further

important contribution toward permanent industrial efficiency. *In fact, employee representation in management will be found to constitute the only practical balance wheel for the stop-watch of the time-study man in industry.* No matter how many brains the management may have, no matter how intelligently it uses its head, there are some things it can never discover by technical analysis. When dealing with human material, instincts and emotions are to be reckoned with as well as muscular and mechanical reactions. Management is not scientific until it has taken into account the feelings as well as the muscular movements of the man who does the work. Even when a study of a job is technically correct, a duly weighted consideration of the way it makes the worker *feel* to operate under given conditions might materially alter management's conclusions for the necessity of a change. The writer once had occasion to investigate a complaint from a gang of brick-cleaners who were at work among the ruins of an old building chipping off the mortar from the old bricks in order to prepare them for sale. The gang was on piece work at so much per hundred bricks. The writer talked to the men and watched them at work and came to the conclusion that either the piece rate should be increased or the job so planned as to supply each man with bricks instead of making him dig his own bricks out of the ruins and assemble them himself in addition to performing the cleaning operation. The management, however, differed with these conclusions and pointed to the high earnings of one of the brick cleaners in particular and suggested that the writer might be better qualified to talk after doing a little brick cleaning himself. This suggestion was accepted and the writer was highly interested to discover that while his final conclusions were identical with his former opinion of the job, his *feelings* were very different than they had been

from merely watching the process! He made an average record with the other workers and found that the man whose higher record had been pointed to by the management obtained his score principally by scouring the ruins for the bricks which had fallen clean and simply assembling them in his pile. The other men said the foreman had forbidden this—yet the man's record was held up as standard. It made me sore. I can see red yet when I think about it! And my feelings were not improved when the foreman made an unwontedly long visit to our section and kept his eye on me to see that I wasn't lying down on the job. I was tempted to throw a brick at his head! It also seemed to me the most aggravating thing possible to see a well-dressed, highly-paid official just standing around talking while we were *working!* The memory of my feelings upon that occasion still makes me uncomfortable while showing visitors through the mill!

But the point was well established in my mind that any truly scientific job analysis must include the *emotions* of the workers as well as the mechanics of the process. And no one is qualified to state what those emotional reactions may be except the workers themselves or their elected representatives. The lack of worker representation in the activities of scientific management has been largely responsible for the black eye which the "stop-watch method" and piece work in general have received in Labor circles. Workers properly object to the importation of "speed artists" upon whom to base job studies for the setting of standards, and to the arbitrary "cutting" of rates when once established. Mutual selection of properly representative workers for time-studies and provision for full expression of the rights and feelings of the workers by their own elected representatives will facilitate the efficiency movement in industry. If the workers themselves are allowed a

voice in scientific management, its conclusions will be more broadly scientific than heretofore, and the danger of brick-throwing will be minimized!

Probably all observers will agree that worker representation under the leadership of good management is capable of making a contribution to industrial efficiency by the removal of friction, the avoidance of misunderstanding, the enlistment of a popular will to economy. But some prominent students of industry and many leading business men, including some of those who have the most liberal plans in operation, are observing that while the workers are glad of the opportunity offered to adjust grievances and improve working conditions, they appear to desire nothing further and positively *do not want to share in the higher responsibilities of management.* This hesitancy on the part of the workers to assume greatly increased *responsibility* is apparent to any one connected with the actual operation of industrial democracy. The tendency is for straight workers' committees to pass on to the joint committees for decision any matters of serious importance and for the workers on the joint councils to defer entirely to the judgment of the management representatives. The question naturally arises whether this indisposition of the workers to participate vitally in management responsibility argues against the ultimate institution of a real degree of democratic management in industry. A number of observations should be made which may cast some light upon this serious problem. In the first place, it must not be forgotten that a century of autocracy in industrial management has tended to kill in the worker the self-confidence which is the necessary mental qualification for assuming responsibility. The industrial servant has not been entrusted with responsibility, except to obey orders. The instinct of self-assertiveness which is the necessary basis for carrying responsibility

has been put to sleep by the prevailing industrial relations. It is, however, a never-ending source of astonishment to note the often pitiful manifestations of a survival of this suppressed instinct as it has been sublimated by those who are denied freedom for its expression in the ordinary walks in life. A good illustration is to be found in the lodges, fraternal orders, denominational churches and other voluntary organizations which flourish in industrial towns. In their activities and multitudinous office holdings, the suppressed desire for authority and responsibility seems to find satisfaction. In their ritual and dignity the industrial worker makes up somewhat for his dun-colored, un-honored existence in his daily work. What if industry through representative government were to open up possibilities for the satisfaction of these cravings for office, for authority, for dignity and for responsibility? Would not industry also enjoy something of the kind of loyalty which a man gives to his lodge and receive benefit from the release of incalculable human energy in the cause of production? The self-assertive instincts of men are not dead but they have been systematically suppressed in industry. Time and reëducation will be needed before workers generally will desire to accept the responsibility which must go with democracy if efficiency is to result in industry.

From the point of view of the ultimate efficiency of our civilization, which could not long endure without a responsible citizenry, it would seem to be essential through democracy to reawaken the instinct of self-assertion and responsibility in our industrial life. For not only has the industrial relation of master and servant tended to kill the capacity for responsibility in the industrial worker, but the nature of machine production has tended in the same direction. The machine has not only robbed the worker of his skill, but it has limited the field of his responsibility to

very simple proportions. He is responsible only for a very limited number of possible defects in the operation of his particular job. No longer is each detail of production the responsibility of the highly trained workman who used to do his work with painstaking application and skill, responsible for every detail in the finished product. The machine now does the work, assumes much of the responsibility, and automatically stamps out goods perfect in detail. There has been a transfer of responsibility as well as a transfer of skill from the worker to the "iron man."[1] An industrial investigator upon questioning a machine runner in a bleachery was surprised to learn that the operative had deserted the farm for the factory. "But this job must be awfully uninteresting to you after farming—aren't you going back to the farm again?" "No more farming for me," said the man. "I like this better. *The machine does all the work for you.* All that you have to do is to sit and watch it." An official in a paper box factory where hand work of skilled nature still survives for special types of boxes alongside of highly automatic machine production of other styles, stated that most workers preferred to feed a machine, where their own movements became automatic, and they themselves were almost like cogs in a machine. "Why is that?" he was asked. "It's less mental effort," he said. "They don't have to *think* so much." It is admitted with chagrin that the most automatic machine feeding is often best done by "simple minded" operatives who are not "all there," but seem to be well adapted to automatic machine production. Industrial processes are tending to become more and more specialized, dividing up into more and more automatic machine operations. The operation of

[1] The responsibility of "inspection" still remains for human eyes but even the field of error in machine production is constantly narrowed. Moreover, the inspector is responsible only for detection of error, not for the positive act of creating perfect goods.

these machines demands less and less mentality—tends more and more to deaden the imagination, to kill the mental life, and to limit the sense of responsibility in the worker. A famous industrial engineer once remarked that he could get best results if he could train in a group of apes to tend his machines. More and more the interesting aspects of production and the larger responsibility for results are being taken away from labor and centered in management. While notable results have been obtained by Mr. Robert B. Wolf in restoring interest in individual jobs by charting and recording each man's accomplishments, even this splendid effort has its natural limitations, due once more to the specialized nature of machine production. The principal interest and responsibility in production lie in the planning and coördinating functions of management.

It may be true that the workers do not generally evince a desire for a share in management, but the deduction of so many business men that it is, therefore, not necessary to carry "industrial democracy" beyond the range of "wages, hours and matters which directly affect the immediate interests of the workers themselves" is not justified, when the matter is viewed from the standpoint of the ultimate efficiency of our industrial civilization. *The fact that the workers do not desire to participate in responsibility is itself a social danger signal which points to quite the opposite conclusion from that usually drawn from this phenomenon.* The very mind and morals of the race have been endangered by the deadening influence of the machine as well as by the prevailing industrial relations, both of which have robbed the masses of the workers of responsibility and increasingly limited the field of their intellectual life. An industrial civilization in order to survive must surely rest upon a broad base of general intelligence and moral responsibility in the mass of its industrial workers. The intelli-

gent leadership of a comparatively few superior minds with special training will no doubt always be required. But intelligence and moral responsibility can hardly become the specialized functions of a few highly trained members of the management, while the masses become more and more mere human cogs in the industrial machine. Yet the present tendency of autocratic industrial relations and the very nature of machine production are forcing our civilization in this dangerous direction. Not only the ultimate efficiency but the very survival of our industrial civilization will therefore depend upon spreading out to the mass of workers the intellectual interest and the moral responsibility for creative production which to-day are increasingly centered in the function of management. In the nature of modern industry it is evident that only a share in industrial management can produce in the masses of industrial workers the intellectual and moral qualities which are necessary to the survival of civilization. Democracy is, therefore, the only possible basis for an efficiency which will have a survival value in the industrial order.

IX

EDUCATION AND DEMOCRACY IN INDUSTRY

Civilization is not safe without democracy in industry. But democracy will not be safe for industry without a long process of education. The voice of Labor may be heard in industrial councils with immediate profit for all concerned in the determination of certain classes of subjects more directly affecting working conditions, wages, hours, the detail of the worker's job and the feelings and good will of the working force as has been indicated in previous pages. It is also hopeful to note the growing number of business enterprises, Labor banks, and consumers' coöperatives being successfully managed by Labor leaders. But it would be folly to suppose that the mass of workers are qualified to-day for the direction of production and the full control of industrial management. Their limited information, lack of experience, lack of initiative, ignorance and narrow mental horizons disqualify them for the immediate direction of affairs. No one is more conscious of this fact than the leaders of the Labor movement who are stressing workers' education as one of the most important objectives of Organized Labor. It is not necessary here to dwell upon this subject which is receiving so much attention in many quarters. It will be well for us to remind ourselves, however, of the direct relation of the wage scale to workers' education. In Chapter III we saw that the average worker does not receive in wages an amount sufficient to support a family of wife and three minor children in health and

decency. As a result most workingmen's children go into the factories as soon as the law allows in order to help provide food and clothing for the family. There are one million child laborers in America. This is not flattering for anthropology teaches that a civilization is advanced in proportion to the length of the adolescent period. The lower animals reach the age of full maturity in a few months. The children of savages are fully developed, ready for marriage and the rearing of families, several years earlier than the children of civilized nations. As the standard of civilization advances, the period of adolescence is prolonged. Children remain at school longer in countries and in states which have higher standards of civilization. As our entire industrial civilization advances, workers' education will gain principally through a longer period of schooling for the children, with a more adequate living wage for the fathers of families which will make this possible. At present it is not to be wondered at that the average middle-aged workingman has so restricted a point of view. He went to work at ten or twelve years of age and has been closely confined to "tending a machine" ever since. It is a wonder that our average intelligence is as high as it is! A longer period of schooling for the children is the principal hope of raising the level of workers' education.

Night schools, continuation schools, vocational education in the mills, summer schools and workers' colleges will also have their place in advancing workers' education but their possibilities are severely limited. To work all day and keep awake for study several nights a week requires an exceptional physical constitution. Only a few can be expected to make marked progress in the night schools, although these schools and other educational opportuni-

ties are infinitely worth while for what they are able to accomplish.

Again, the nature of machine production makes workers' education a matter of vital concern to civilization. The mentally deadening influence of repetitive machine operation specially demands a workers' education movement which shall supply to industrial workers mental stimulation and intellectual food for thought during the monotony of their day's work. The writer recently had occasion to canvass among girl operators for a candidate for a scholarship to the Bryn Mawr Summer School. Girl after girl asked, "What good will it do me—will it help me to get away from *this?*" pointing eloquently at her machine. It is difficult to see how anything except workers' education can eventually help industrial workers to get away from the machine either in mind during working hours, or in body by means of shorter hours, gained by intelligent methods of industrial progress.

It would be well for America if efforts toward workers' education were confined to straightforward provisions for schools, libraries, colleges, and literature. There is something rotten in the state of industry when "both sides" feel obliged to resort to secret propaganda. "Red" literature inducing class prejudice, hatred, passion and violence educates in untruths and is a destructive force in society. Literature issued by combinations of manufacturers under the camouflaged titles of "educational associations" and mailed direct to the homes of the workers in a secret effort to guide their economic thinking is a serious commentary upon the prevailing lack of faith between employers and employees in industry. In some cases these camouflaged educational associations, usually posing as "100% American," bait their hooks with prizes for "the best essays" on industrial subjects and so secretly report to subscribing

members the names of their own employees, who appear to be radical, for appropriate action. Such methods indicate the deepest degradation of the prevailing industrial relation of master and servant. Surely no stable civilization can rest upon an industrial relation which calls for such methods of "education" and espionage for its support. The cause of truth, the progress of sound workers' education would be advanced if American employers and employees would deal openly with one another—man to man!

The most effective of all forms of education in preparation for industrial democracy is the practice of industrial democracy itself. It is as idle to talk of deferring industrial democracy until workers' education is complete as it would be to counsel staying away from the water until after you have learned to swim. We have indicated in previous chapters the vitally educational effect of employee representation upon workers who by this means gain their first knowledge of the problems and responsibilities of industrial management. Some radical Labor leaders may look down upon employee representation as very shallow waters indeed, but at least these waters offer to the workers an opportunity to get wet and to go through the actual motions of industrial management,—experience which will stand the workers and the world in good stead when the time comes for launching out into the deeper waters of democracy.

The cause of education will be incalculably served and added safeguards produced for our industrial civilization when we come to accept the proposal of William James for an industrial conscription of our youth.[1] One cannot imagine a more saving process for an industrial society than for its young men and young women by universal conscrip-

[1] William James, *A Moral Equivalent for War,* published by the American Association for International Conciliation, New York City.

tion, irrespective of wealth or class, to serve their time in our industries before entering upon their permanent occupations. A basis of understanding between hand and brain workers, Capital and Labor would result which can not be obtained in any other way. It is hopeful to note that our colleges and seminaries through their student Young Men's Christian Associations are leading the way in this movement, sending selected students to work in the factories at least during the summer vacation. Such an experience should at once be made a pre-requisite for a college diploma or a theological degree. When this requirement is made universal in its application to all our youth, it will add moral fiber to the national character and sympathetic understanding between the various classes of workers in our industrial democracy.

X

RELIGION AND MORALITY IN AN INDUSTRIAL DEMOCRACY

Of primary importance also in the functioning of industrial society will be the state of morals and religion among the people. It is regrettable that the appeal to religion has been so largely discredited in connection with social and industrial problems, but the reason is not far to seek. The ruling class has too long utilized the teaching offices of the church to keep the masses "contented with their lot," respectful of the "sacredness of property," and expecting their own reward of a happier life in Heaven. As Labor becomes more impatient of its lot *on earth*, it is not strange that it should fail to discriminate between the particular religious teachings which have been used to keep the workers in subjection and religion itself. I recently had before me a little paper published by a factory whose owner stands high in denominational councils as one of the most pious and prominent laymen in his church. The paper itself bears the name of a young men's religious organization which specializes in industrial work and has a branch exclusively devoted to the interests of the employees in the factory in question. This factory paper "opened with prayer" as follows:

"Oh, God, grant that we may learn more and more the sacred duty of obedience to all our rightful masters in order that we may obey Thy law and receive Thy Divine blessing."

A reflection of the "good" this paper was accomplishing was found on the back page in a communication from a "loyal" employee who reflected that the whole duty of man was to obey his boss and do a good hard day's work for the Company, a sentiment which was presumably viewed by the religious organization which published the paper as a direct answer to prayer, and received by the management with proper gratitude to God. And when Judge Gary feels moved to "defend the Bible" and stand up for "the twelve hour day" almost in the same breath, both of his able apologies, appearing together in the headlines of the newspapers, it is a wonder that any honest man wants to have anything to do with religion as "defended" (and utilized) by such conspicuous leaders in the Church and in the industrial life of the nation.

Not only have "the uses of religion" tended to drive Labor and people with social sympathies out of the church,[1] but it does not seem to be the fashion for scientific industrial students to acknowledge the religious impulse as such among the instincts which affect industrial relations. While it may be possible to split up and subdivide the moral and religious life of men under the catalogue of instincts given by industrial students, it would seem more scientific to recognize as such a human impulse and habit which has played and continues to play so important a rôle in human conduct. For it is not theory, but merely observation of fact that character, moral qualities, religion at least in so far as it affects character and morality, have played and now play a determining part in industrial life, and with the coming of democracy will be called upon for still more important functions.

[1] A notable exception is the British Labor movement, the strength of which lies in its stalwart religious leaders, many of whom are a product of the Wesleyan movement of over a generation ago.

In the first place, the religion which Jesus taught stimulates both of the most powerful instincts which are responsible for social progress. As a climax of the blessings of His mission, Jesus was wont to exclaim, "and the poor have the Gospel preached unto them." Not the Gospel of plant papers counselling submission, but the Gospel of sons of God whose divine sonship demands the recognition of democracy. Jesus' Gospel has stimulated the innate self-respect of the common people who, catching the vision of themselves as sons of God, cannot longer picture themselves in the rôle of slaves. The dormant instinct of self-assertiveness is aroused in the poor by Jesus' Gospel of self-respect and constitutes a great social urge toward democracy, an urge which in the course of history has been partly responsible for reformations and revolutions which have abolished slavery and serfdom and set up the rights of the common man in the field of political government.

The poor had the Gospel preached unto them! Jesus' religion also profoundly stirs the "parental instinct," the impulse toward tenderness, sympathy, understanding, brotherhood and love on the part of many members of the ruling class, awakens in them a sense of the infinite worth of human personality, and a passionate desire of service to humanity, which have constituted a complementary urge in social progress toward an ever-increasing degree of freedom in the status of the common man. "No longer a servant," wrote Paul of the slave Onesimus, *"but a brother beloved."*

Conspicuous among the leaders in the movement toward democracy in industry are both Labor leaders and Capitalists who have become fired with the Christian ideal. But conspicuously absent are a majority of the stockholders in American industry, although seventy-five per cent. of their total number belong to the Christian Church. Should they

too catch the vision of the meaning of the religion of Jesus, an incalculable force would be brought to bear by these Church members toward the peaceful realization of democracy. In fact, the course of industrial development will depend largely upon whether the members of the Christian Church who now own the control in American industry come to comprehend and desire to obey the teachings of Jesus.

It is intensely interesting to note also what a close relation individual moral character bears to industrial efficiency. From the president of the Company to the most humble "sweeper up" *character largely determines efficiency.* A similar lack of conscience may make the sweeper neglect the corners of the stairs and the president cut corners in high finance, or neglect unpleasant details in industrial management. Moral qualities make or mar individual efficiency. Extreme egoism, for instance, can ruin an otherwise competent executive. Jealousy of his own authority, unwillingness to allow subordinates any show of power—just moral failings of this kind may cause a manager to tie himself up in detail and hamper his own usefulness. Nor does he get the best work out of his subordinates and associates who chafe under the repression of their own self-assertiveness and whose sense of responsibility and initiative are deadened, making them also less capable and less efficient members of the organization. Nothing wrong except *spiritual defects in the character of the manager!* But the deleterious effect upon the business efficiency of the entire plant may often be distinctly traced to this cause! The same thing holds true all down the line to the foremen, second hands and "straw bosses." Their *character* counts for or against *efficiency* in the mill. Uncontrolled tempers, domineering attitudes, unfairness, favoritism, meanness in supervisory officials should be cata-

logued under the head of major causes of industrial inefficiency. On the other hand, a just manager or foreman, patient, sympathetic, broad-minded, willing to give credit where credit is due, "white" and "square," inspires hearty loyalty in an organization and gets twice as much work and twice as good work out of the men under him.

Among the rank and file also character is a determining factor in efficiency. A foreman will tell you that one of his workers is efficient or inefficient, basing his opinion not only upon manual dexterity but largely upon moral character,—upon whether or not the man has shown himself to be lazy, indifferent, stubborn, selfish, unreliable, mean, tricky, sour; or conscientious, ambitious, cheerful, faithful, reliable, ready to help. Faith, hope and love are personal efficiency standards in the work-a-day world. If the cost department could tabulate the effects of purely moral qualities in the personnel of a mill, the report would run into "dollars and cents" to such an astonishing degree that the most "hard-headed" business man would come to realize that character and all the forces which affect it are primary concerns in industrial efficiency.

Most of the preaching and direct religious propaganda of factory owners among their employees proves vain and ineffectual, however, until the owners themselves make a move toward Christian industrial conduct in the ways of democracy and brotherhood in industry. This truth, on the other hand, must not make us lose sight of the fact that, granted the setting up of sincere industrial democracy, profit-sharing and an adequate wage scale on the part of the owners—a direct moral and religious appeal to the conscience and good-will of the workers is also an indispensable factor in coöperative industry.[2] No social or industrial sys-

[2] Some notable results have been obtained by Arthur Nash in the development of a new spirit of coöperation and unselfishness and

tem as such will ever make men work together in peace. A machine runner once said, "I wish you would cut out that stuff about us all being 'partners' and 'brothers'—it's a joke! What's the use of talking like that to me when I'd like to cut the throat of that guy over on the next machine?" Well, I submit, what is the use? The slogans of social theory are powerless unless individuals feel goodwill. The machinery of industrial democracy—absolutely necessary as it is in order to provide channels for the expression and functioning of industrial brotherhood—is nevertheless so much social junk unless the hearts of men and women are touched with the necessary grace to sustain them through the day in the practice of patience with each others' weaknesses, in gentleness, in unselfishness, and in a spirit of coöperation as they go about their work and engage in common enterprise. An elected representative from a large department when asked how the workers in her room felt about a proposal of the Board of Operatives that the employees should engage a full time physician of their own replied, "There is nobody against it in my department except a few who wouldn't vote for *anything*." It is a striking observation that generally speaking it is the *same people* who refuse to coöperate in any of the varied activities offered to them and who "knock" and criticize the acts both of the management and of their own elected representatives. The problem of successful industrial coöperation is largely one of moral character.

service among both management and workers by stressing the religious approach. See *The Golden Rule in Business,* by Arthur Nash (Fleming H. Revell & Co.).

That the other principles of successful operation which we have pointed out in previous chapters should not be overlooked even in a consciously religious approach, would seem to be illustrated even in this uniquely successful experiment. See article entitled "Hitting the Trail in Industry," by S. Adele Shaw in *The Survey* for March 18, 1922.

Individual character will be a determining factor also in the success or failure of the technical method of representative government. Nothing is gained by bringing together the representatives of Capital and Labor and the Public, nor, for that matter, of the nations of the earth in any sort of assembly, unless such representatives sit down about the Round Table in a spirit of mutual forbearance, and anxiety to understand one another, and are ready to lay aside prejudice, arrogance, and self-seeking and to speak together as the brethren of a common lot. And just as it is an observable phenomenon in the life of the home that the influence of a Father is needed to keep the peace and to secure coöperation even among brothers, so there is an equally observable need for an immediate sense of the Fatherhood of God in our social and industrial relations if we are to live together successfully in the brotherhood of democracy. The superior wisdom, justice and love of the Father are needed to incline our hearts to listen to reason, and to soften our judgments of one another if men and nations are to live together in peace. In the coöperative life of industry, the direct moral and religious appeal is, therefore, a prerequisite to any permanent success, just as truly as is the provision of new social machinery in industrial democracy. The organized forces of religion, the Church, the industrial Y. M. C. A. and other religious bodies are of value in the industrial order to the degree in which they foster a sense of the Fatherhood of God and promote the practice of Brotherhood.

A discussion of religion and industry would be incomplete without reference to the fundamentally religious motive of service. Much of our current business and Labor terminology is distinctly pagan. To acknowledge, as the average man will readily agree, that the object of any business is "primarily profits," or that the object of any

Labor movement is "solely to better their own condition" is, very frankly, to exalt self-seeking and selfishness as the god of industry. "Ye cannot serve God and Mammon." Jesus's law of Brotherhood demands that all industry shall be operated not primarily for profits but primarily for service to humanity. Jesus taught that it was essentially a religious act to supply even the common needs of men and women in a spirit of service. "I was an hungered and ye gave Me meat, I was thirsty and ye gave Me drink; I was a stranger and ye took Me in; naked and ye clothed Me." Food, drink, shelter, clothes—what are they but the common products of our industries? "Inasmuch as ye have done it unto one of these least my brethren, ye have done it unto Me." But if through lock-outs and strikes and through speculation, cornered markets, uncontrolled prices, and the shutting down of factories while the world is crying for goods; if through an unjust distribution of wealth and income and the maladjustment of industrial relations, our factories, mines and farms are not so operated as to supply the fullest needs of the people but frankly to make the highest possible profits for the owners, does not our industrial order come under the condemnation of Christ? "I was an hungered and ye gave Me no meat, thirsty and ye gave Me no drink, a stranger and ye took Me not in; naked and ye clothed Me not." "Inasmuch as ye did it not unto one of these least My brethren, ye did it not unto Me!" When stockholders become interested in something besides dividends, management will be free to direct manufacturing policies with a view to service. As it is now, the ordinary Board of Directors, acting in the interest of the stockholders, puts to the manager one principal question: "How much money did you make last year?" They do not now ask, "How many pairs of shoes of honest quality and workmanship did you supply to meet the needs of the people?

The more good shoes you supplied at reasonable prices to people who need them, the better we shall be satisfied." Unfortunately most of the stockholders' pressure upon management is for profits even, if need be, at the expense of curtailing production in order to get higher prices from the public. The motive of service in industry must begin with the owners.[3]

In service to humanity lies the highest satisfaction in life. The Red Cross nurse, the Public School teacher, the old fashioned country doctor, the Christian missionary, the mother in the home derive their chief satisfaction not from the amount of their pay but from the quality of their service to human need. The business man, the manager, the Labor leader, the worker will experience real joy in their daily occupation for the first time when they are able to feel that business is dedicated primarily to the service of human need. And when business conforms to Jesus's law of service, the dollar sign and the sword will cease to be the symbols of foreign trade. The Cross will take the field. For the mere substitution of the Christian motive of service for the profit motive as the dominating force in international trade would in and of itself put an end to the principal danger of war.

It is well to remind ourselves also that with the coming of further democracy in industrial relations, heavier demands are going to be made upon moral idealism in the conduct of industry. The democratic order by its very nature will call for a higher degree of coöperation and social cohesion, and will necessitate larger vision among

[3] So general is the profit motive among stockholders that the courts have stated that "a business corporation is organized and carried on primarily for the profit of the stockholders." See "Dodge vs. Ford Motor Co." (American Law Reports Annotated), published by the Lawyers' Cooperative Publishing Company—Edward Thompson Company—Bancroft-Whitney Co.), page 441—quoting decision of Michigan Supreme Court.

the masses and their leaders, more unity, purer devotion, and a broader spirit of service to humanity. The divisive immoralities of selfishness, prejudice, gossip, factions, pride and strife are deadly enemies to the coöperative life. *Democracy in industry will demand a higher morality.* But while democracy demands a higher morality, happily the influence of democracy itself will tend to develop the higher morality upon which democratic society must depend. Strictly speaking, democracy is the only moral form of government. "Any other government," says Stanton Coit,[4] "any rule by one, or by a few for the many is at best a moral pauperization of the many. It may give them creature comforts, it cannot awaken moral dignity. Only the conferring of conscious sovereignty with its responsibilities and its discipline can communicate character." Industrial paternalism, for instance, treats the workers as perpetual children and tends to keep them forever in a state of moral immaturity. No matter how beneficent or generous may be the paternalistic provisions of kindly employers for their workers, the very attitudes of paternalism unconsciously rob the workers of their most precious heritage as human beings, and prevent them from developing the habit of responsibility and the independent judgment of morally full-grown men and women. Mr. Coit goes on to say, "While government by a few may not be the direct cause of the low morality among the unenfranchised masses, there can be no doubt that it prevents the remedy, and that government by the many is the only cure. Morality implies self-activity and self-direction and these imply scope and responsibility in society." [4]

Under present conditions a man spends the major portion of his time and effort in his daily work. The conditions of

[4] *Dynamics of Democracy,* by Stanton Coit *et al.,* published by Grant Richards, London.

his life are shaped more by industry than by politics. His character is affected more by the type of industrial government under which he lives than by the political administration. There can be no doubt that machine production and the present autocratic management of industry, by removing from the worker any substantial degree of self-direction and controlling his every move and determining for him his major interests are also robbing him of his largest opportunity for moral life and weakening his general powers of self-control. To refrain from evil and allow one's lips to speak no guile are stalwart acts of self-control. But the powers of self-control can be strengthened only by constant exercise. And by severely limiting the scope of self-control in the lives of working people, autocracy in industrial government has tended to weaken moral resistance among the masses. At the same time the monotony of machine production has created special temptations to jaded nerves for thrills and excitement in life however they may be obtained. The result is a deplorable lowering of moral standards. The gradual shortening of hours would seem to be the principal hope for escape from the monotony of machine production and for the mitigation of the industrial workers' special moral temptations. *The coming of democracy in industry is the major hope for opening up to the masses larger opportunity for the positive development of their moral life.* Collective responsibility for the daily task of production—industrial self-government—will throw upon the masses the necessity for the constant exercise of self-direction and self-control which alone can strengthen the moral fiber of an industrial society, and produce the higher morality which is both demanded by *and only possible* in a democracy.

XI

THE PUBLIC

It will seem to some an incredible thing that we should have come to the eleventh chapter without lending an ear to the cry of the Public. And we admit the Public to our argument at this point, conscious that it will come upon us with its familiar complaint that it has been sadly overlooked. For Capital and Labor contend with one another for possession of the spoils of industry—and the Public pays the price. The Public pays the price in discomfort, privation, danger, and disease while great strikes shut off its supplies of food or coal or interfere with its transportation. If at the end of a costly conflict, Labor is victorious and wages are raised, the manufacturer ordinarily passes on his increased costs to the consumer—and the Public pays the price. It is perhaps small wonder that self-pity is the prevailing emotion of the Public which considers itself the innocent victim of a heartless controversy, and looks upon both Capital and Labor as selfish and arrogant autocrats, ignorant and heedless of the rights of the third great party to industry—the consuming Public.

There is, however, a case against the Public also. It is largely ignorant of the true issues involved in industrial disputes and does not trouble itself sufficiently to get the facts. Its attitude is often selfish. It seems to be indifferent to the question of whether or not workingmen are receiving wages sufficient to feed their children. All it wants is its coal and food and its daily conveniences and

comforts, and no questions asked. Regardless of rights or wrongs in industry, the Public appears to demand only continuous production and industrial peace—but not at any price! *Strangely enough also the Public's characteristic method of expressing disapproval is a "buyers' strike" which precipitates a national panic and throws millions of workers out of their jobs!* The Public stands condemned by its own criticisms of the ignorant and selfish methods of Labor and Capital!

The consuming Public is thoughtless and cruel. It insists upon the sanctity of competition in order to keep prices as low as possible. It inquires too little whether that unregulated competition results in sweat-shops, and child labor, starvation wages and long hours of work. It thinks too seldom of the dangers to life and limb which men daily undergo to supply its need. An average of a human life each day in the Pennsylvania coal mines alone! The merest whims of the buying public often spell cruel hardship for thousands of producers whom they never see and to whom they give no thought. A lady insists on "beetled" cloth for her window shades. Its mottled effect, she thinks, is pretty. In a mill in New England the giant wooden beams whose continual pounding on the cloth produces this peculiar finish, produce also such an unearthly din that every workman in the room is *stone deaf*—shut off for life from the pleasure of hearing because some ladies think that beetled window shades are "pretty." God bless the women—they wouldn't buy if they knew. And they would often willingly pay a higher price for goods if they knew the human story of blood and tears which lies behind production.[1] Both the demand of the Public to protect its own

[1] See Harry F. Ward's *Gospel for a Working World,* published by the Missionary Education Movement of the United States and Canada (New York), which gives a summary of dangerous industries and their effect upon the lives and health of the workers.

just interests and the crying need of a more informed and intelligent coöperation in industrial production and progress on the part of the consumer point to the need of developing new machinery for including the consuming Public in a more adequate manner in the representative government of industry.

It is difficult to accomplish much in local units. The Dutchess Bleachery indeed has included a "Representative of the Public" in its Board of Directors. He is, in fact, however, more a representative of the local community than of the ultimate consumer. His inclusion on the Board of Directors has proved most useful in developing confidence between mill and village and constitutes at least a gesture pointing toward the *inclusion of the Public in industrial management.*[2] In order to be effective, however, *consumer representation must necessarily include wider areas, co-*

[2] The bitterness and prejudice of the residents of a small village against the Company are hard to explain except as the reaction of men and women politically free to the industrial autocracy of the mill under whose discipline they and their relatives have worked perhaps for generations. Old sores are hard to heal. An attitude of antagonism to the Company is often traceable to the memories of "the old days." When the Agent of the mill insists upon the removal of a village policeman for daring to enforce a village ordinance against *him,* the flavor lasts for more than one generation! And the civic and political life of the village now offers a better opportunity to "get it back at the Company." The result is a deep prejudice against the mill which makes very difficult any new proposals for community coöperation even in a recreational program. Representation of the village community in the management of the mill is the most effective remedy for the unfortunate attitudes of suspicion and hostility toward the Company which characterize so many industrial communities. A Representative of the Public, after serving on the Board of Directors of the Company, said: "I had shared to some extent the feeling against the Company and believed with others that the Company was trying to keep other industries out of town, but now that I have heard for myself the inside facts and know the real attitude of the Directors, I feel absolutely different. I know that the Company is all right. And I take pains to tell everybody about it, too!" Care should be exercised to select a leading citizen who has no reason to be partial to the Company but who enjoys the full confidence of the people of the village.

extensive with the markets. Industrial Councils somewhat similar to the Whitley Councils of England [3] must be established in each industry and for each nation where Capital, Labor and Consumer can come together by representative government to decide upon important matters which are industry-wide or nation-wide in their nature and call for industry-wide or national adjustment. A complete organization of both Labor and Capital in each industry would be necessary for the appointment and instruction of accredited delegates from the owners and the workers who could represent them authoritatively and lay before the joint councils the facts and conditions which give rise to their varying points of view. The appointment by the political legislature of delegates to represent the Public would complete the councils which would then be equipped on the American principle of representative government to deal intelligently and with the consent of the governed with the great problems of industry.

By the provision of such machinery the consuming Public would become articulate to express in joint council its just demands. In joint council the Public's representatives would also learn the facts which, when given wide and direct publicity, would often alter the Public's point of view. Mr. Hoover's method of food control during the war by personal appeal to the people, and the effectiveness of the "shop early" Christmas campaigns of the Consumers' League suggest the possibilities that lie in publicity and moral suasion when the Public is given the facts and intelligently guided in public service. An informed and coöperating buying Public could do much to eliminate seasonal depression and unemployment and could mitigate much of

[3] Industrial Council Plan in Great Britain—Reprints of the Report of the Whitley Committee, compiled by the Bureau of Industrial Research, New York City.

the hardship and injustice of industry. The Public now fails in industrial coöperation, indulges in disorderly buyers' "strikes," and relies upon an autocracy of its own in court injunction, military force and mistaken political legislation largely because the Public is uninformed of the facts. Some one has suggested that what we need is to "put teeth in the Gold Rule." As a matter of fact, what we need is to put *eyes* in the Golden Rule. Direct contact with Labor and Capital in representative council would save the Public's soul.

The full fruits of employee representation in industrial management also await the formation of these more inclusive councils representative of entire industries and of entire nations. The local nature of present works committees makes them ineffectual in the larger and more important issues in industry. A works committee with invariable "reasonableness" accepts a cut in wages if the management can show that "conditions in the entire industry make it inevitable, it being only a question of whether we shut down altogether or meet the market by reducing our labor costs." It has apparently not yet occurred to these unorganized workers that it would be well for them to have something to say also *in regard to the conditions in the entire industry! Class-consciousness* is to be deplored but the cause of progress would be the gainer if the workers were at least to become *conscious*—aware of the limitations of an "industrial democracy" which is powerless to affect conditions beyond their own factory doors, and helpless in the face of the great industrial forces which in fact largely determine all living and working conditions without the benefit of works committees.

While Unorganized Labor has not consciously analyzed this limitation of "industrial democracy" or made up its mind to do anything about it, we may safely put our finger

upon the local nature and limited power of the works committee as the deepest explanation of the limited enthusiasm and the partial response of workers under employee representation and profit-sharing. They may feel that the company is square and above-board—that it is "doing all it can" but they do not throw their hats in the air and go wild with the enthusiasm of newly-made partners in industry—on wages of 40¢ an hour!

A sweet lady, all enthusiasm over the "wonderful things" which had been done in a certain mill, was crestfallen when she heard the average wages of the workers. Her face brightening, however, she said, "Oh—well, perhaps what you pay is a living wage for this community?" "No, it isn't," was the reply. "And it will not be so until the entire industry pays a living wage. A single factory would ordinarily be bankrupt and driven out of business by its competitors in the lone attempt to establish such a standard." Mr. Seebohm Rowntree tells humorously of being introduced to an audience by a Labor leader as the man who had written a fine book on living wages for the workers "but he doesn't pay them in his own factory." "A great many mothers work in our factory," said the head of a clothing concern famous for its Golden Rule policy. A *great many mothers* in a "Golden Rule" shop! Surely no factory liveth to itself alone. Living wages for the fathers which will keep the mothers of the nation in their homes with the children can be accomplished only by industry-wide and national action.[4]

[4] The effect of the operation of Shop Committees in some of the larger industries, notably in the case of the "Loyal Legion of Loggers and Lumbermen" in the Northwest, is at least suggestive of the greater results which might be obtained by industry-wide councils. Mr. W. N. Bourne, a college man who worked in "4L" camps, writes of the plan as follows: "Its chief advantage lay in causing a uniformity of wages and hours over a large district where working conditions were similar, and I am sure helped to stabilize condi-

Living wages can be secured only by agreement between those who control production, consumption and finance. The Capital, Labor, and Consumer of each industry and of the nation must first come together in joint councils and agree upon what constitutes a living wage, what is a fair return on the capital invested in the industry, and what are fair prices for the consumer when all the facts are known. Such inclusive councils can also best approach the other great problems of industry—child labor, social insurance, safety standards, unemployment, business cycles, credit, marketing, and production for use rather than for profit.[5] It is not our purpose here to attempt to discuss these great problems of industry but only to point out that widely representative government in industry constitutes the only scientific method of approach to their solution upon a sure basis of the consent of the governed.

By the same token representative government must be carried into the field of international relations in order to deal with the international aspects of industry. It is hopeful to note that a committee of the League of Nations has been carrying on an exhaustive study of the sources of raw materials and their relation to the causes of war. We have in this work of the League, in the International Labor Bureau and in the World Court, profoundly significant beginnings looking toward international representative government. Such representative world government could set up a control which would minimize even the perils of the most dangerous feature of our modern capitalism. Corner

tions, and to take cognizance of general social and economic forces in the industry, and over the whole territory, in a way that no single operator could attempt." See also Bulletin 349 U. S. Bureau of Labor Statistics.

[5] Robert W. Bruere, in *The World To-Morrow,"* December 1922, in an article entitled "Produce or Perish," illustrates from the record of the Fuel Administration that production may be scientifically adjusted to demand.

grocers in an American town are still in competition with each other but they seldom take to shooting. There are laws, courts, police and public opinion in our representative form of government which prohibit bloodshed even though the intense personal patriotism and individual loyalties of each grocer may suggest to him the way of violence as the only red-blooded method of defending his rights against an aggressor grocer. The League of Nations looks toward the reign of international law and order which eventually must be established in order to keep the peace between the great corner-grocer nations of the earth. An International Industrial Council directly representative of those who are directly concerned, the Labor, Capital and Consumers of each nation would probably function more intelligently and constructively upon international industrial problems than any politically appointed league. But whatever form it may assume, the principle of representative government must come to preside over international industrial relations. Only so can the anarchy of economic "laissez faire," and the insanity of industrial and international war, give place to methods worthy of the higher intelligence of the race and in harmony with scientific laws in human relations. The only hope for the prosperity and peace of that greater Public, the people of the earth, lies in the orderly representative government of the industry of the world.

XII

CONSTITUTIONAL GOVERNMENT IN INDUSTRY

The powers of works councils at present operating under all of the various plans of employee representation in this country are *delegated only*, ultimate authority in every case being reserved by the Board of Directors and the stockholders of the Company. This fact stands out in the very terminology of the reports on "industrial democracy" from various companies in which we find such expressions as the following: "We took it out again after a short trial," or, "We allowed it to lapse." The humor of arbitrary, autocratic discontinuance of industrial democracy by the fiat of the Directors does not seem to have struck an unimaginative management! The Labor Union, however, saw the joke on at least one occasion in the writer's knowledge, when union men went on strike and were locked out of a well-known "industrial democracy" shop by a plant management, which took over the reins of government during the crisis, and only handed them back again to a properly chastened "House of Representatives" from which all undesirable citizens had been eliminated! 'Twas ever thus with kings and parliaments in the days when political democracy was struggling to be born!

Even under the most liberal plans, union men while speaking well of the system of employee representation and profit-sharing, confess that they would "stick to the union" in a show-down. Their union, they will tell you, is their own and not to be taken away from them by the decision

of the stockholders who could (and sometimes do) remove "industrial democracy" over night. In a recent very lively debate between the principal stockholders and the workers' representatives in a very advanced plan of employee representation where utmost freedom of expression and independence of feeling had been encouraged, the workers while expressing themselves with great emphasis invariably concluded their discussion with one another by saying, "That's what I think *but of course he can take the whole plan out if he wants to.* We wouldn't have anything to say about it!" "Of course," the principal stockholders can take away all the privileges of "industrial democracy" at any moment and no one would question their authority. *Of course there is nobody on earth except the people themselves who could take away from any of its citizens the privileges of political democracy!* The distinction revealed is one of profound significance and exercises a dampening effect upon the enthusiasm of the workers even under the most liberal plans of employee representation. An investigator discovered in a plant famous for its industrial partnership what he termed only a "limited feeling of partnership" among the workers. The feeling was limited because the partnership was limited, restricted by the fact that all its rights and privileges were delegated only and might be revoked at any time. An alienable right is not greatly prized. Objects, ideas, relationships are held to be precious and do in fact command the respect and loyalty of men in direct proportion to their degree of permanence, their lasting qualities. A dew drop is equally beautiful but not so highly valued as a diamond. Flirtation does not fall into the same class in human esteem as the marriage vow. "Industrial Democracy" has not struck its roots deeper into the hearts of American workingmen because it is only a delegated de-

mocracy and may be withdrawn at any time by the ultimate authority of the owners of American industry.

The democracy in industry which will liberate the maximum potential energy and evoke the full loyalty and coöperation of industrial workers awaits the day when industrial citizenshp shall cease to be merely delegated to workers by stockholders, and shall come to be recognized by society as one of the unalienable rights of the workingman. "Industrial Democracy" will do its perfect work only when the quotation marks shall be erased by the hand of the state, and society shall add its official sanction to representative government in industry. The courts will then cease to recognize the autocratic power of stockholders as the only constituted authority in industrial control, for the constitution will provide also recognized industrial suffrage for the worker. The legal status of the workingman will be thereby elevated from his present standing of a "servant" and he will assume at last the dignity of a free man and a citizen in industry.

Along with the new legal status for the worker must go a new economic status which will place the workingman among the peers of industrial society. For there can be no real democracy except where men are free and equal in status. And economic limitations as we saw in Chapters II and III may severely restrict theoretical freedom and equality. In a true democracy the worker must become economically as well as legally free. Only economic freedom can make the workingman equal before the law in fact as well as in theory. Economic freedom alone can give meaning to the worker's coming status of a free man in industry by liberating him from the economic fears of unemployment, sickness and old age, by enabling him to provide food, clothing, education, and a home of comfort for his family, and so to hold up his head as a self-respecting

citizen in industry. *The physical means and hence the fullest spiritual opportunities of a free life are available only to those who have sufficient income to command them.* The workers' increased income which shall open to them the possibilities of spiritual freedom and the fullness of life will not come to them, however, in the form of "easy money." Workers will produce more and better goods as their contribution to society. There would seem to be no doubt of this judging from the experience of the sincere and well administered experiments in partnership which have indicated something of the great possibilities for better work and increased production by worker-partners in industry. By a combination of individual incentive and some form of profit-sharing the workers' incomes can also be so designed as to reflect both their own individual effort and skill, and the collective industrial thrift, efficiency and production of all the workers in the group. The workers' increased income will have the moral quality of being earned by their effort, skill and interest in their work. And as the economic status of the workers is advanced to the point of economic freedom, the danger of destructive radicalism will be eliminated. The mass of working people will become conservative as fast as they acquire something to conserve.

It seems probable also that a democracy which places a higher value upon human personality and less upon material wealth will tend to award less interest than at present to invested capital and to give proportionately greater returns to those who labor with hand or brain. The principle of a higher rate of interest for greater risk would still obtain. And in those cases where the capitalist also performs brain service in the field of finance, or in direct management, he should be rewarded on a fair salary basis for such actual service independently of the interest or

profits which may come to him on account of his investment of capital. But in a society which finally adopts Jesus' valuation of a man as of more value than a sheep,[1] labor as such will be considered of greater value and of more importance than capital as such.

When we reduce Capital and Labor to the same category and define them in terms of the human beings who supply the money for industrial enterprise, and the human beings who supply the labor for industrial enterprise, we find that the real question of equity which is at issue between Capital and Labor is not the amount of interest to be paid upon money but the relative number of human beings who as capitalists receive interest and the relativity of their income in comparison with the income of those who work. The great gulf which still lies between owners and workers under the most liberal of present profit-sharing plans sets a constant limitation upon the possible response of the worker-partners in industry whose efforts and interest are still in some degree restricted by the sense of the enormous wealth of the principal stockholders compared to the pinch of poverty in their own daily lives. The sense of justice in a democratic society will no doubt rectify the present relativity of wealth and income and by severely graduated income and inheritance taxes, reduce the great discrepancies in wealth which upset the balances of democracy and constitute today so direct a cause of industrial autocracy, overproduction, international competition and world war.

Although many of the consummations of democracy will await another generation, it is the high privilege of the present that our eyes should see the various beginnings

[1] In a pastoral country like Palestine where wealth was invested largely in herds and flocks, a sheep stands as the symbol of invested capital.

from which democracy shall come to birth in the industrial order. Voluntary industrial democracy, or employee representation, to which we have been obliged largely to confine our attention in the present volume constitutes only one of the many important movements toward industrial democracy. Significant developments among trade and industrial unions,[2] consumers' coöperatives, guilds, and political parties will make their varied and essential contributions.[3]

"Eventually," says Samuel Gompers, "there will be a fair delineation between the political and the industrial. Eventually industrial democracy will arrive at its majority, to stand side by side with political democracy that has been the charter of freedom for millions from the tyrannies of the political despots. Labor has its great rôle to play. . . . Labor forces the pace with its uncompromising demand for human freedom."[4] *Labor forces the pace.* It has

[2] Of particular significance is the development of the union agreement by the Amalgamated Clothing Workers, and other Unions in leather, silk, printing, building and other industries, in which Joint Boards of owners and workers are set up for determination of industrial policy, and an "impartial chairman" is engaged to hold daily court for the interpretation of the "law" and the settlement of industrial cases in dispute. This type of union agreement and procedure presents all of the aspects of orderly industrial government with its legislative or law making body, its judiciary for the interpretation of the law and its executive in the management of the industry.—See most interesting article: "Constitutional Government in American Industries," by W. M. Leiserson, Impartial Chairman for the New York District. Reprinted from the *American Economic Review, Supplement,* Vol. XII, No. 1, March, 1922, published by the American Economic Association. See also "Trade Agreement in the Silk-Ribbon Industry of New York City," by Margaret Gadsby, Bulletin No. 341 of the U. S. Bureau of Labor Statistics.

[3] The interesting Plumb Plan originally designed for the American Railroads and later further developed as a suggested comprehensive plan for all industrial enterprise is given on pages 154 ff. of *Industrial Democracy,* by Glenn E. Plumb and W. G. Roylance (Huebsch).

[4] "From Politics to Industry," by Samuel Gompers, in *American Federationist,* May, 1923.

indeed been a fact that Organized Labor has supplied most of the initiative and push toward a continual elevation of standards for the workers and the development of democracy in industry. In fact, Organized Labor has not only been the principal instrument of raising the real wages and advancing the status of the worker in industry, but its general pressure on employers has indirectly caused much of the development of the employee representation movement itself. And Organized Labor still forces the pace. The local nature of employee representation as we have indicated makes the works councils powerless to affect the wages, hours and conditions obtaining in the entire industry. The wages and conditions of the entire industry, on the other hand, largely determine the wages and conditions in each shop. The writer knows of no instance in the history of employee representation where wages have been raised by the pure initiative of the works council. Either wages in employee representation shops have "followed the market" where a general increase has taken place *due to the pressure of the unions and often at the conclusion of a strike in the industry as a whole,* or else the works councils have been used merely as the formal instruments of the Company to install a wage increase which is a wise move in the business judgment of the management during a period of labor shortage or to forestall general union action on a rising market.[5] Directly or indirectly the international union has been at the bottom of most of the wage increases granted under "industrial democracy." It is to be hoped that real initiative may be made possible through the widening and legalizing of em-

[5] In one instance within the writer's knowledge, the Works Council has also been utilized by the management as an instrument of good-will in granting an increase above the local market wage. But the initiative in this instance also came from the management, and even such instances unhappily are rare.

ployee representation, but in the meantime it would be a blow to human progress if the open shop movement were to succeed in crippling Organized Labor. For Organized Labor seems to be as yet the most effective force working toward democracy and rising standards for Labor in industry. It takes upon itself the unpleasant task of initiative and bears with courage the inevitable cross and stigma which society has always put upon those who have refused to cry "Peace, peace, *when there is no peace!*" "Labor forces the pace with its uncompromising demand for human freedom."

It is hardly conceivable that the American spirit of fair play will long support the open shop philosophy which is aimed at Organized Labor's most vital demand—that of recognition of the union. Recognition of the union merely means the right of workers to speak through one man or a committee of men, their own chosen representatives, when dealing with their employers. Capital already enjoys and exercises this right. If owners were consistently to stand upon the principle of "individual" bargaining as a "fundamental American liberty," it would be in order for any man who wanted a job to demand the right to enter into the employment contract *with any individual stockholder* whom he might select. You are a stockholder. A man comes to your house on Fifth Avenue and asks you for a job in the mill. What do you say? "Go and see my manager at the mill," you reply, *"He does all the hiring."* An applicant for a job would receive the same reply from every stockholder upon whom he might call. In other words, the stockholders are *one hundred per cent. organized already and in entering the employment relation with Labor, they speak through one man—their chosen representative—the manager of the plant.* Nor does the management promise not to violate the sanctity of the indus-

trial hearth by engaging "no outside leaders" or advisers. It employs "outside" industrial engineers, and "outside" corporation lawyers, and sometimes "outside" detective agencies to help it in dealing "with its own employees." Labor feels that it is only fair that it should be granted the same conditions—the right to speak through its own chosen representatives whether or not they are "outside" experts, international Labor leaders, or workers in the plant. Capital is already organized and deals collectively with Labor. Labor demands equal conditions and wishes to deal collectively with Capital. Faith in our American spirit of fair-play leads us to believe that Organized Labor will more and more receive the recognition which it asks. Organized Labor, on the other hand, should consciously seek to mitigate the destructive and restrictive tendencies of the rebel mind, and to develop the attitudes of industrial citizenship, exhibiting a more coöperative and constructive interest in the common enterprise of production for the good of all.

All things will work together for the coming of democracy. Organized Labor has its great rôle to play. The plans of progressive employers are a constructive force. And even the devices of reactionary employers who have installed works councils with the specific intent of avoiding Labor unions and with the purely selfish purpose of increasing the productiveness of Labor for the profit of the Company, will be turned to good account in the final reckoning of history. For it is a striking fact that the beginnings of the system of political democracy were partly due to the initiative—not of the people—but of their autocratic rulers who called the people into assemblies and appointed representatives from towns and districts to come together in parliaments for the sole purpose of facilitating the col-

lection of taxes for the King![6] The "representatives" were called upon merely to go back into their districts and see that their constituents delivered the goods—a purpose humorously suggestive of the intent of some employers' plans for works committees. The early political representatives gradually discovered, however, that the machinery of representation might be used not only to the advantage of the King's Treasury,—but also for obtaining from the King increasing concessions for the people which resulted in the progressive achievement of liberty and democracy in the political field. History repeats itself. Even the completely dominated "company unions" which seem to be of small account may yet bear an important part in the historical development of representative government in industry.

All things work together for the coming of industrial democracy. Its constitutional forms and procedure are evolving all about us. There are developing also the beginnings of the common law to which the representative government of industry shall look for guidance in the orderly, judicial settlement of the industrial disputes of generations that are to come. For the common law which finally becomes the norm of social conduct originally develops from the life of men. It is the outgrowth of human experience, the composite wisdom of many minds, the interpretations and procedures which human society has gradually accepted as right and just and has finally set up as law. The beginnings of a common law for industrial relations are to be found already imbedded in the growing body of decisions of works committees and industrial councils, in the provisions of union agreements, in the deliverances of impartial chairmen, in the acts of Labor boards and commissions. As yet, as Mr. W. M.

[6] See Jencks, *History of Politics.*

Leiserson points out in his most interesting treatise on Constitutional Government in American Industries, there has been little effort to collect, digest and analyze such decisions for the common law that they might reveal. Mr. Leiserson describes, however, one digest and classification which has been made of about one thousand decisions made by the judicial authorities set up by the union agreements in the men's clothing industry in Chicago. This modest codification of industrial law exists only in mimeographed form, but it may be said to constitute a document of profound significance in industrial history. It marks the beginning of the codification of the common law for industrial relations which has already begun to develop under the various early forms of representative government in industry.

The beginnings of industrial democracy have met with such significant response and give promise of such healthful development that we may venture to project our hypothesis into the future development of society. Men by nature of their deepest instincts and highest aspirations are destined to be free and equal in status as they engage in the common enterprise of production in the service of humanity. The industrial life of men and nations may, therefore, be expected to emerge from its present state of industrial and international anarchy, characterized by the appeal to force, and to approach the ideal of civilized human life, characterized by the reign of law and order as rapidly as intelligent recognition is accorded to the principle of representative government as the scientific law of industrial relations.

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